FBIS DAILY REPORT

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GRINSPUN DISCUSSES ECONOMIC PLANS FOR 1985

PY311925 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1929 GMT 30 Dec 84

[Text] Buenos Aires, 30 Dec (NA) -- Economy Minister Bernardo Grinspun has said that "the financial system is out of control" and that "if the Central Bank had effective control over monetary resources, the monthly inflation rate would be 6 or 7 percent." The economy minister also said that "the real salaries of public employees will at least be maintained" in 1985, and that "the salaries of the workers of the private sector will be increased even more." Referring to the state of the financial system, Grinspun said that it should be "isolated and at the same time funds should be released for productive activity." Grinspun said: "In sum, a transitional system should be created to go from the current financial system to a new one."

In a statement published today in the newspaper TIEMPO ARGENTINO, the minister pointed out that "an attainable goal is a 30-percent increase in public investments in real terms" for 1985. He explained that a conservative hypothesis has been used in estimating the performance of private investments that should increase next year by about 5 percent in real terms.

Grinspun said that there is absolutely no recession in any sector and denied that the agreement with the IMF will cause one. He recommended that his critics read the program agreed on with the IMF.

The minister noted that the year that is ending was a period "of putting things in order" by updating overdue payments of $3.6 billion in the external sector, and by reviewing an agreement with the IMF that had not been fulfilled. "We now have more than $1.5 billion in foreign reserves, and with the agreement signed with the IMF to run through 1985 we have the possibility to renegotiate without pressures the payments that will begin to fall due in 1986." If current conditions remain stable, the minister said, the agreement reached "will make it possible to have a surplus of $750 million, equivalent to 1 percent of the GDP in the 1985 balance of payments." That surplus "will serve as a reserve for possible declines in export prices, or to increase the level of imports, if necessary, thus promoting greater economic activity.'

Referring to the objectives the government set for itself this year, Grinspun said that only three of them were reached, and admitted that "we did not succeed in bringing down inflation, although we moved in the right direction with our policy of putting things in order." The minister explained that "the financial system is out of control," adding that the problem lies in the fact that "the rest of the economy has to adjust to the monetary performance, and the monetary expansion is largely caused by the Monetary Regulation Account [subsidy that the Central Bank pays to banks for the portion of their legal reserves made up by interest-earning deposits] which is a mechanism that feeds liquidity." Grinspun recognized that "the liquidity so created is badly distributed, because it enters the financial market rather than going to private activities." According to the minister's estimate, "if the Central Bank had effective control over monetary resources, the monthly inflation rate would be 6 or 7 percent." The minister then noted: "Let's not forget that the objective is to reduce inflation to a yearly rate of 300 percent from October 1984 to September 1985."

Grinspun attached great importance to the approval of the budget for 1985, because then his ministry "will clearly see how public sector resources will be distributed." He added that although the 1985 budget is not yet completed, "some hypothesis can be advanced." Grinspun said, "The real salary of public servants will at least be maintained, the salary of the private sector workers will increase even more, and the burden of the foreign debt will be reduced from 5.6 to 4.6 percent of the GDP." He also said that "a perceptible moderation in real terms with the provinces" has been negotiated.

According to the agreement with the IMF regarding the maximum fiscal deficit, it will be less than 6 percent of the GDP on an average, although the point is still under discussion. As for public investments, Grinspun said that his ministry "is cleaning up the many inherited projects which were under way without appropriate financing" adding that in recent days agreements have been reached for the payment of overdue invoices to suppliers, especially in the construction sector, to whom 80 to 90 percent of the total debt is owed."

After indicating that similar agreements will be reached with other suppliers to the state in the coming days, Grinspun said that for the 1985 investment "we will keep a notebook listing each project with deadlines, payment dates, and financing." He stressed that "if we can free financial resources for building houses, we will be able to significantly stimulate the construction industry."

According to preliminary calculations, Grinspun said, a possible goal "is to increase public investments by 30 percent in real terms," and to that effect he would count on sales from agricultural production of probably at least 40 million tons per year.

As for private investments, Grinspun said that calculations are being made "on a conservative hypothesis of a 3-percent increase of the GDP in the last 2 years, so we expect them to increase by 5 percent."

Grinspun denied that there is a recession or that the agreement with the IMF is recessionary, but he noted that "this does not mean that some sectors have not slowed down in comparison with their volume of activities in their good months."

The economy minister reiterated the need "to control the financial system, so that the objective of a 300-percent yearly reduction in the inflation rate can be reached," which he doubted can be attained "because of the high interest rates and the Monetary Regulation Account which can upset any budget by transferring too much money into the financial market."

The minister then stressed the need to reform the financial system, and that this should result from a "political decision." This reform should be able to tell us "how much currency there is in the financial sector, and what legal bank reserves are necessary, and it should also change the current mechanisms that raise the cost of money through the financial system."

The minister concluded: "Summing up, a transitional system should be created to move from the current to the new financial system by isolating the current system, while liberating funds for productive activities."

OUTGOING ARMY SECRETARY DISCUSSES BUDGET CUTS

PY290234 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1905 GMT 28 Dec 84

[Text] Buenos Aires, 28 Dec (NA) -- Outgoing Army Secretary General Enrique Ottino today stated that "all of us, the military, want a small and highly mobile Army and not a large and slow-moving one as is the case with today's Army. However, in order to restructure the Armed Forces, funds, which we currently lack, are needed." Gen Ottino stressed, however, that "the budgetary problems that are troubling us are part of the country's problem. We realize this and we know that the entire governmental apparatus is troubled by privation. Therefore, this is not a special issue raised against a given organization, but a general problem."

Gen Ottino today left office as Army secretary and made statements to journalists during a simple ceremony in which the new head of that Army organization, Colonel Miguel Abbate, was introduced.

Gen Ottino made it clear that "the lack of payments to the Army's suppliers is due to the fact that the general treasury failed to duly and timely remit to us the earmarked allocations and not, as has been suggested in some circles, because some generals ordered expenditures that surpassed the allocated funds."

In that sense, Gen Ottino explained that "the 1984 budget was 50 percent lower in real terms that that of 1983," and that the outstanding debts during this business year "mean that for 1985, we will have a lower budget, we will start off with a significant deficit, which will mean more problems for us."

Gen Ottino explained that "all of us want the Army to be restructured, and we fully agree with the president's concept of having a small and highly mobile Army and not a large and slow-moving one as is the case with today's Army. However, in order to restructure it, funds are also needed." Gen Ottino added: "And if we talk about having brigades with enhanced mobility then not only funds but many dollars, something which we currently lack, are needed because we are on the threshold of the 21st century and equipment is more sophisticated and costs are increasing."

Continuing, Gen Ottino stated that the military is looking into solutions for settling the problem with the Army suppliers arising from the lack of payments. He sidestepped a question on whether the Army was ready to fulfill the role assigned to it by the government's hypothesis of a potential conflict.

In this regard, Gen Ottino said that "plans have been made since the president laid down those hypothesis, and we will have to take stock of the situation to see what goals must be changed to make the achievement of the general objective possible."

Gen Ottino also commented on the additional budgetary shortages "because to close a barracks requires, although it may seem contradictory, funds to move personnel and equipment, to compensate other people, and for a series of expenses." The general then emphasized that "in the Army we have cut down as much as possible, but we cannot cut down any further precisely owing to the funds shortage, and we will have to see how we adjust future programs to carry out the orders to restructure the Army."

Gen Ottino stated that "all of us want to cooperate in this restructuring and to dedicate ourselves to our specific task, but this funds shortage problem, added to other problems that have been dragging on, sometimes prevent things from being correctly accomplished." He also stated that in the current military business year "no investments of any kind were made nor were the funds necessary for a restructuring made available, but every effort was made to solve the problems that cropped up."

Further on in his conversation with the journalists, Gen Ottino stated that "sometimes it has been said that this or that general disagrees with the restructuring or with the corps' dissolution. However, this is not so since we advise the commander and defend our stands with all our strength until a decision is made. Once a decision is made, then we make our best effort to fulfill it."

"It has always been like this in military life, and this is the only way to efficiently do our jobs," Gen Ottino added. In conclusion, Gen Ottino explained that his personal situation has not been determined and that he has asked for an audience or will be given a new assignment. However, he stated that owing to the illness affecting the defense minister, the interview has been delayed.

Gen Ottino voiced his best wishes for a quick recovery of the defense minister and made it clear that "now I am going home and a decision will be made later on my situation."

SILES GIVES YEAR-END SPEECH ON NATION'S PROBLEMS

PY010249 La Paz Radio Illimani Network in Spanish 0108 GMT 1 Jan 85

["Text" of year-end speech by President Hernan Siles Zuazo from Government House in La Paz -- live]

[Excerpts] Fellow countrymen: Since October 1982 the Bolivian people have been waging a dramatic struggle to overcome the critical economic and social conditions we inherited from the military dictatorships. In addition to the dramatic burden of the stagnant multimillion-dollar foreign debt, natural disasters such as floods and droughts paralyzed for a long time the implementation of measures to normalize the country's economic activity. A third source of problems was the social disorders that [words indistinct] inflationary outbreak, coupled with the increase in the price of fuels.

In sum, the domestic consequences of the world economic crisis widened even more the gap between our plans and the concrete possibilities for their implementation, as was also the case in other Latin American and Third World countries suffering the scourge of (?unemployment).

Despite these difficulties, the government managed to fully protect freedom and to respect democratic rights through the country's institutions. [Words indistinct] The government managed to preserve freedom, mankind's most cherished possession. We did not suspend democratic rights, and despite the seriousness of the crisis and the violent social demonstrations, we were able to preserve an atmosphere of peaceful and brotherly coexistence, which created the conditions necessary for the national consensus reached within the framework of the dialogue promoted by the Catholic Church [words indistinct]. The positive result of this dialogue was based on the understanding shown by some people and the concessions made by others.

The enrichment of some businessmen who refuse to pay their debts and who expect that the people, through the state bank, will take care of them is an immoral stance that represents a boycott of the troubled economy of the country. The fact that some of these debtors, by abusing the unrestricted freedom of press and information, are carrying out all kinds of political and legal maneuvers to evade their obligations with the state cannot be allowed.

The international crisis was a blow to our economy because the decline in mineral prices greatly affected the country's buying power abroad. The crisis is not an exclusively Bolivian phenomena. Our critics maliciously forget this truth with regard to inflation, high unemployment rates, and high fiscal and budget deficits, ills that are also affecting many of our neighbors.

However, the anguish of the government is not only due to outside factors and the recent past. The intransigence and demagogery of the labor union sector has seriously obstructed the efforts of the executive branch to better rationalize economic activity. Our reiterated calls for moderation and patriotism have been answered by the union leadership with stoppages and strikes which have gone beyond tolerable limits. How could a rational economic policy be conceived under the pressure of sectorial general and indefinite strikes and blockades which have no other purpose than to wear down the government. It would be suicidal [words indistinct] with strikes and harassment.

If chaos and disorder take the place of the truce that the country needs to successfully arrive at the upcoming elections, not only will the people be prevented from expressing their will, but the labor movement will also be thrust toward a new political failure.

There are some people who portray themselves as victims when in reality they have been the main beneficiaries in recent times. Many business sectors must also accept their share of responsibility because tax evasion and tampering with import and export invoices has contributed to worsening the fiscal deficit, taking away valuable and necessary income from the state.

Despite these difficulties, the Armed Forces, which came to good terms with the people in October 1982, have repeatedly given evidence of their loyalty to the democratic process and of their respect for the Constitution. They have demonstrated this by confirming their commitment to the democratic institutions during the recent events. I should also mention the dedicated efforts made by Bolivian police personnel in discharging their duties.

Bolivia is capable of enduring the worst difficulties, and despite the seriousness of the present, we should trust our people's ability to overcome the crisis and to ensure our destiny within democracy and social justice.

The time for great decisions has come. In order to fulfill our desire for a social agreement, we must put aside sectarian and secondary interests. Therefore we will not cease repeating: It is vital for Bolivia to continue to be a country of free men.

May this responsible spirit of liberty prevail during 1985 and open a clear path to the promising future we desire for all Bolivians. May God guide all our actions, those of our enemies and those of all the Bolivian people during such a crucial year for the national destiny.

FOUR GENERALS MEDIATED IN OLVIS INCIDENT

PY311910 La Paz Cadena Panamericana in Spanish 1700 GMT 31 Dec 84

[Excerpt] Four Army generals acted as mediators in the crisis prompted within this force because of the resistance of General Jose Olvis Arias to [words indistinct] of the Army.

The information was obtained from General Lorgio Justiniano, president of the Supreme Military Court of Justice, and General Gary Prado Salmon, commander of the 8th Division, which is stationed in Santa Cruz.

According to this information, these generals, together with General Mario Oxa Bustos, vice president of the Permanent Military Court of Justice, and General Hermes Fellman, acted as mediators in an attempt to resolve the crisis.

Gen Prado Salmon explained that at no time had they been on Gen Jose Olvis Arias' side. At the beginning, there was a lack of information on what was happening, since the president's attitude was not quite clear. However, in view of the threat of a confrontation, we decided to act as mediators, he said.

TANCREDO NEVES INTERVIEWED ON ECONOMIC PLANS

PY011245 Rio de Janeiro O GLOBO in Portuguese 30 Dec 84 p 8

["Exclusive" interview with Democratic Alliance presidential candidate Tancredo Neves in Claudio; date not given]

[Excerpts] [O GLOBO] In the speech you addressed to the committee in charge of formulating a government plan, you announced that your government's great task will be the resumption of growth with the creation of jobs and a with policy aimed at curbing inflation and at bringing the external accounts into balance. Will it be possible to attain economic growth while fighting inflation?

[Neves] Brazil does not have the resources that may allow the next government to attain all its targets and meet both the existing demands and the demands that will be made as the democratization process in which all of us are working develops. This must be made very clear before the inauguration. We will try to explain to the public how our priority targets are chosen and how they are coordinated. We will explain that the resumption of growth, the creation of new jobs, the improvement of salary levels, and the expansion of the internal market will not necessarily be inflationary, particularly if they are coupled with a series of austerity measures and actions aimed at avoiding inflationary waste. Therefore, I will order a detailed evaluation of the federal government's fiscal and monetary budgets and of state-run company budgets in order to identify all the expenditures that can be eliminated or postponed. It will be a careful and absolutely impartial analysis. It is frequently said that eliminating small expenditures does not help, but one must bear in mind that many small expenditures can add up to a large amount. In addition, when trying to eliminate or postpone expenditures one should not worry about whether they are small or large. What has to be established is whether they are essential, necessary, whether they deserve priority treatment, or whether they are merely superfluous. This is what I will be doing, patiently. Anything that is not essential or that does not deserve priority attention will be eliminated. I will eliminate squandering and luxurious and excessively costly items. I will also estimate the funds provided for in the fiscal and monetary budgets, and I will see in which areas those funds will be applied. I will also analyze the investment plans of state-run companies. On the basis of this analysis, my government will reallocate those funds to sectors or projects that can generate a larger number of jobs. As you can see, I will not create new expenditures to implement the economic recovery program; instead, I will improve the distribution of the existing funds in order to promote economic efficiency and, above all, social progress. And this will be neither incompatible with nor contradictory to the struggle against inflation.

[O GLOBO] Do you have any particular sector in mind?

[Neves] I am planning to immediately implement a public works program throughout the nation, particularly in poorer areas. This program includes urban improvement, sanitary projects, housing, and so on. These types of projects, which mainly favor the lower social sectors, employ large numbers of workers, and generate many jobs, will be financed on the basis of the reallocation of the expenditures which I just mentioned. I want to implement this program in a decentralized way, with the participation of states and districts, which will receive the necessary funds. I am also planning to adopt other measures as soon as I take over. First, I will stimulate the construction sector, mainly through housing projects, taking into account the huge number of workers this sector employs.

I will also support the microenterprises and the small and medium-size companies, which are traditional job sources, through easier credit terms and other facilities, all of which should render good results.

Third, my government will resolutely support the agricultural sector, which is essential for our supplies, exports, and jobs, mainly through aid for small and medium-size food producers, and through the establishment of good prices for breeders and farmers.

[O GLOBO] You say that expenses will be reduced. However, the largest expense is the payment of the monetary correction and the interest on the internal debt. How will this issue be solved?

[Neves] The domestic debt has been contracted by previous administrations. We cannot fail to recognize it, and we cannot reject it either. Therefore, it will be totally repaid. My government will not refuse to recognize previously contracted obligations, and it will not evade payment either. For a government, as for individuals, it is almost impossible to recover lost credibility. Once the government's credibility has been strengthened and the rules of the game guaranteed, the market will automatically reschedule the internal debt without either difficulties or traumatic experiences.

However, we will have to formulate policies that should not increase our indebtedness in real terms. To achieve this goal, we will make every effort to eliminate the fiscal deficit. This step will be essential for halting the growth of the internal debt and, depending on the results, even for reducing it. If the government does not contract any new loans, or if it contracts fewer loans, there will be more financial resources available on the market for the private sector. At the same time, this official policy will also have its effects on the cost of money, causing interest rates to drop. This will facilitate the reduction of the expenses of the productive sector, thus helping to resume growth without the unwanted pressure of financial costs.

[O GLOBO] How will your government reduce the interest rates, which are now weakening enterprises financially and discouraging the private sector?

[Neves] The reduction of the interest rates will be gradual and will inevitably call for the reduction of the fiscal deficit. If the financial needs of the government and of state-run enterprises are reduced, the competition between the government and the private sector for the national savings will not be as intense as it is now. If the government borrows less, there will be more resources on the market and the private sector will be able to finance its investments at a lower cost, thus helping to maintain the level of economic activity and stimulate the expansion of the economy.

Moreover, the reduction of the fiscal deficit will make the fight against inflation, a task in which psychological factors are also involved, easier to accomplish. The market is aware that the lower the expected inflation rates for the future, the lower the interest charged in the present. The realistic expectations of a reduction of interest rates are highly positive for the economy. I am sure that the faster and more efficiently the government reduces its expenditures, and the more the private banking sector is willing to effectively contribute to the process by the effective reduction of their operational profit margins, the sooner interest rates will drop. I am aware of the fact that, since interest rates act as stabilizers of economic activities as a whole, they must be dealt with prudently and carefully. I repeat what I said before: I do not favor any traumatic or artificial measures in dealing with this question, which will be carefully and thoroughly treated by my government.

[O GLOBO] You spoke of waste. Do you believe that there is waste in the federal sector? What can be done to end that waste?

[Neves] The debureaucratization and destatism of the Figueiredo government showed that it is possible to end waste through administrative decentralization, elimination of minor obligations, streamlining public services, reducing costs, and making the public sector more efficient. This has been done in many agencies of the federal administration, but it must be greatly expanded.

Under my government, I will carry out a thorough program of decentralization and debureaucratization. I intend to cut back the cost of running the administration. Everything that implies overlapping of assignments will be eliminated. Everything that the states and the municipalities can do at a lower cost than the federal government will be transferred to them. On the other hand, my government will try and offer private enterprise the incentives and guarantees that are indispensable for economic progress and for the promotion of an open and pluralist society. This will imply that we put a stop to statism, and prudently privatize those sectors in which the presence of the state cannot be seriously justified.

$30-MILLION ARMS SHIPMENT LEAVES FOR IRAQ

PY311550 Rio de Janeiro O GLOBO in Portuguese 29 Dec 84 p 17

[Text] Santos -- The biggest shipment ever of Brazilian-made weapons for a foreign country took place yesterday at Santos port. Twenty-six armored vehicles [blindados de combate] and 40 containers with rockets, launchers, ammunition, and light weapons are leaving today for Iraq as part of a $30-million deal. The cargo was loaded yesterday afternoon, under strong security measures, on the vessel Jilfar, moored at Depot No 37. The vessel belongs to the shipping line United Arab Shipping Company, which is a sort of consortium made up of five Arabian countries and three Arabian emirates, and it will unload the weapons at a military dock in Khudaima, Jordan. [as published]

The armored vehicles are divided into 22 multiple rocket launchers, worth $12 million, and 4 rocket-pod resupply vehicles, worth $775,000, all of them manufactured by Aerospace Industries, Inc [Avibras]. Besides the armored vehicles, Avibras is also sending 10 containers with 32 ballistic rocket launchers and 1,008 33-30 ballistic rockets, worth $3.6 million.

The contents of the 16 other Avibras containers and the 15 containers shipped by Specialized Engineers, Inc [Engesa] in the same shipment have not been revealed, although unofficial reports stated that they would mainly be spare parts for the light armored vehicles [blindados leves] which are already operating in the Iraqi-Iranian war. Light weapons like machine guns and submachine guns and large quantities of ammunition are also part of the cargo.

BRIEFS

INTERNAL PUBLIC DEBT, INFLATION -- The internal public debt reached 81 trillion cruzeiros by the end of November, a 218.44-percent growth in 1984, and the inflation rate reached 193 percent over the same period, the Central Bank reported yesterday. [Excerpt] [Sao Paulo O ESTADO DE SAO PAULO in Portuguese 29 Dec 84 p 19 PY]
The Getulio Vargas Foundation (FGV) yesterday officially reported that the yearly cumulative inflation rate reached 223 percent in 1984, a record high in Brazilian economic history. [Excerpt] [Rio de Janeiro O GLOBO in Portuguese 29 Dec 84 p 18 PY]

PINOCHET REVIEWS EVENTS IN YEAR-END MESSAGE

PY010150 Santiago Domestic Service in Spanish 0036 GMT 1 Jan 85

[Speech to the nation by President General Augusto Pinochet Ugarte from La Moneda Palace in Santiago; live or recorded]

[Text] Countrymen: The conclusion of 1984 is an appropriate time to pause in our daily activities and look back in time to see in our minds what the year that is ending tonight has brought.

Several important events in the history of the nation took place during 1984. Some were good, others were bad, and this is natural in the existence of any human society. Without any doubt, the most important event that is coming to a happy ending is the signing of the peace and friendship treaty with the Republic of Argentina. This is an international event which undoubtedly was the most significant for us. With such a solemn act we are overcoming the long uncertainty of an absurd conflict that could have created fatal consequences for the two countries. With this act we have shown the world the serenity and responsibility with which our government carries out its international relations.

On the domestic front, the irresponsibility of some political sectors was certainly the most negative event of the year. The opening created by the government for public political activity was taken advantage of by some groups in an irresponsible manner who unleashed a wave of violence leading to a terrorist escalation that is recognized by everyone and which created concern among the majority of the population, who had every reason to ask for the application of drastic measures for the immediate reestablishment of public order.

Such circumstances led the government to resort to the measures of exception established by the Constitution for these cases. The people are aware that the adoption of these measures resulted from the lack of political maturity of those who continue stubbornly to impose, disregarding the will of the majority, unsuccessful doctrines that not long ago were rejected by the country. The president of the Republic perfectly understands the condition of exception brought about under these measures. However, the president cannot avoid his obligation of guaranteeing to all the inhabitants of the nation a normal and secure life, which is the basis for the economic and social development of our country.

Despite these circumstances, the country has made significant progress, something that enables us to be optimistic about the country's future. During 1984, the growth that Chile recorded exceeded the growth rates of other countries of the region and international organizations have recognized this achievement. Despite the unprecedented adverse circumstances that Chile confronted during 1984, the government continued to develop and to promote the implementation of its social policies that directly benefited the neediest sectors. The adjustments made in our economic policy enabled sectors such as agriculture, mining, industry, construction, fishing, and others to record a significant increase in their levels of production. The measures that were adopted this year to relieve various sectors, particularly the productive sectors, resulted in an increase in the number of available jobs. In sum, we can say that 1984 has had a positive result.

Fellow countrymen, as the end of 1984 approaches, above and beyond the inevitable reflections I must make on the country's situation in my capacity as president of the Republic, I want to express to you in a very sincere and warm manner my most cordial greetings and good wishes. I wish to see the consolidation of the unity we all cherish so much. I wish greater prosperity and well-being to all families and to all the different sectors of activity. I hope that 1985 will bring us more jobs, better economic and social prospects, greater development, peace and tranquillity, and strength to continue to construct the Chile we all desire for our children and for future generations.

When the year closes at midnight, let us evaluate what Chile has attained as a country with optimism and gratitude and let us firmly pledge to make our best efforts to puruse the established objectives. May God help and guide us in this momentous task. Long live Chile.

ECONOMY MINISTER OUTLINES TARGETS FOR 1985

PY011436 Santiago Domestic Service in Spanish 2200 GMT 31 Dec 84

[Excerpts] Economy Minister Modesto Collados has said that his targets for 1985 are 4-percent economic growth, holding the inflation rate to 20 percent, reduction in unemployment to 11 percent. Speaking with reporters, the minister made an assessment of 1984, when the economy grew by 5.9 percent. He estimated that the inflation rate will reach 23 percent and that the unemployment rate will drop to 13 percent at the end of 1985.

[Begin Collados recording] In 1985, the economy will grow by slightly less than 4 percent, the inflation rate will be about 20 percent, and the unemployment rate may reach 11 percent at the end of the year if our plans and programs succeed. [passage indistinct] [end recording]

Minister Collados stressed that the figures he gave are targets and goals that may be accomplished. He added that the economy is moving properly and that the people have reacted positively.

DEL VALLE: U.S. EXTRADICTION REQUEST 'UNDER STUDY'

PY011432 Santiago Radio Chilena in Spanish 2330 GMT 31 Dec 84

[Excerpts] Foreign Minister Jaime del Valle today expressed his wish for a year of work, peace, and tranquillity for all Chileans in 1985. He also expressed his wish that the peace treaty with Argentina will be implemented during the coming year and that Chile will maintain good relations with all the countries with which it has diplomatic ties.

[Report from the Foreign Ministry by Jose Francisco Contrera] Foreign Minister Jaime del Valle today affirmed that the presidents of Chile and Argentina will most likely ratify the peace and friendship treaty in February if the pope cannot promose to attend the ratification on a certain date. If the pope can promise to attend, the ratification will be signed in March.

Regarding the U.S. extradition request for former Honduran military attache to Chile, General Jose Bueso, who is charged with participating in a conspiracy against the Honduran president, Minister del Valle said that the request of the U.S. State Department is still under study and that the background information on the case will be sent to the Supreme Court next week. [end report]

CUADRA ON TERRORIST ACTION, OTHER ISSUES

PY312301 Santiago Domestic Service in Spanish 1630 GMT 31 Dec 84

[Excerpts] Javier Cuadra, minister secretary general of the government, said that the government decided to lift the curfew tonight due to the atmosphere of tranquillity prevailing among Chileans. Cuadra also pointed out that the interview granted by Msgr Juan Francisco Fresno to a Santiago newspaper was interesting and reasonable.

During a press conference with journalists in La Moneda Palace, Cuadra first discussed the terrorist action in which a subversive was killed in the Pudahuel District last Saturday, 28 December. Cuadra pointed out that during the terrorist action a policeman was wounded and that he was taken to the police hospital. One of the subversives was killed and he has been identified as Reinaldo Diaz Munoz. Another subversive identified as Rolando Leal San Martin was arrested.

[Begin Cuadra recording] During a raid carried out in the home of Leal San Martin, the police also arrested his father, mother, and brother, Daniel Leal Garcia, Marta San Martin, and Marquez Aurelio Leal San Martin respectively. During the raid the police found some weapons, material for making bombs, and special documents [words indistinct] especially of the Communist Party [words indistinct] and according to the information we have, the subversives have been taking part in agitation activities during the protests in the Pudahuel District. [end recording]

Asked about the preparation of these individuals the minister said that apparently they are not well trained. The minister pointed out, however, that although they are not well trained some of them are later given training for paramilitary activities.

Minister Cuadra also noted that the expulsion of the U.S. priest was legal because Father (Denis O'Mara) had already been arrested four times in the last 15 months for violating legislation on behavior of foreigners.

Asked about an evaluation of the press, Cuadra indicated that the press behavior was very reasonable, that the press understood the measures to overcome special problems.

AD URGES PEACEFUL RESTORATION OF DEMOCRACY

PY011617 Madrid EFE in Spanish 1315 GMT 1 Jan 85

[Text] Santiago, 1 Jan (EFE) -- On behalf of the Democratic Alliance (AD), an opposition coalition, Socialist leader Ricardo Lagos has issued a message demanding that democracy be peacefully restored in Chile. Lagos, who headed the AD during the last 2 months of 1984, said that the government resorted to force and imposed the state of siege after the dialogue and the economic measures had failed. He remarked that this is the government's worst political defeat, because after 11 years it is trying to return to the first day of the regime. Even though the government has resorted to force and violence, it will not prevent us from speaking, he said.

The AD president said that there is violence in the persecution of political groups and in the banishment and expulsion of citizens. Therefore, banishment and exile, while still in force, will be a symbol of the failure of a regime that is afraid of the truth spoken by the free men of our fatherland, Lagos stressed. According to him, the people should respond to the imposition of the state of siege by organizing themselves democratically, because there is no person, social group, or party that can govern our society by itself. For this reason, in 1985 the people should move forward in the various political organizations in order to reach points of agreement under a program that may be accepted by everyone when the current military regime is replaced. In his message, Lagos recalled the letter the AD sent to the Army, Navy, and Air Force commanders in chief and to the Carabineros director which pointed to the need to establish a timetable for the transition period, which should not go beyond 1986.

The AD is an opposition coalition made up of the Christian Democratic party, the Republican Right, the Radical Party, the Liberal Party, the Social Democratic Party, and the Socialist bloc.

PRESIDENT BETANCUR DELIVERS NEW YEAR MESSAGE

PA310422 Paris AFP in Spanish 2306 GMT 30 Dec 84

[Text] Bogota, 30 Dec (AFP) -- In his New Year message to the nation, President Belisario Betancur this evening presented a satisfactory report for all of the sectors on Colombian activities for 1984, despite the normal difficulties.

Early in his speech the Colombian head of state said that to achieve peace one must first accept that no one is right and added: "I am not playing with the idea of losing in the area of peace." He immediately stressed that those up in arms must understand "and I hope that they are willing to understand that the country's reality is not only their exclusive reality, and that their outlook regarding conflicts and the solutions is not the only outlook."

After emphasizing that the future of the country is becoming clear, the president said that "peace is not only a silent rifle, not only the fact that there is not a war, but the manifestation of a serene state of mind. Peace is education, employment, and health."

Regarding the economic area, the president disclosed that the growth rate for 1984 will not be below the 3 percent level, contrary to those who said that Colombia had been hit by a recession and that it would be impossible to maintain an exceptional growth rate in Latin America. The president continued, stating: "Viewing things realistically, and even though it may sound paradoxical, I sincerely say that yes, this year was a bad one for many of you. Yes, it was a difficult year for the president. But all in all it was good for the country, despite the high price that had to be paid, for example, in the area of taxes."

Betancur added: "Soon you will be able to see that the sacrifice was worthwhile. We maintained our sovereignty to solve our own problems and our independent program is beginning to bear fruit with the support of the World Bank."

He stressed: "We have had good results in economic activities, as is already being recognized by the industrialists. We were able to curtail our unemployment rate somewhat and we continue to advance with our housing plans despite the problems we face."

Regarding public spending, the president reiterated that the government will be implacable in order to achieve a real reduction and control as a complementary measure to the other measures that have been adopted to resolve the difficult economic situation.

He also referred to the decrease in the inflation rate, the defense of national production, and the increase in exports. He also mentioned new important oil discoveries in the eastern part of the country. Nest year approximately $600 million will be used in the exploration and exploitation of those areas. One half of this amount will be in credits under very favorable conditions for Colombia.

He declared 1985 as the Year of National Education, repeating his call to citizens to help. He said: "Every Colombian must teach 10 countrymen to read and write." He said that all communications media will be used for this task.

He discussed the scourge of drug trafficking and the recent incident that involved the presidential press office, the Foreign Ministry, and the Colombian Embassy in Spain. He said: "We will restore national honor at any cost."

Betancur recalled the murder of Justice Minister Rodrigo Lara by the drug mafia. He said that an all-out war will be waged against the drug traffic, and those found guilty will be punished to the fullest extent of the law.

He rejected any threats, saying: "Threats are to no avail. We will not yield one inch. The most that they can do is kill us and that is up to God. Fortunately God is with us."

The president wished all Colombians a happy New Year, expressing thanks for the understanding shown at all levels. He praised the efforts made by congress in the quest for solutions to national problems. He concluded by saying: "I ask God to be with you and to help you. I beseech you to pray to God to help me; I need it."

BETANCUR: SOLUTION TO CORINTO PROBLEM REACHED

PA311834 Bogota Emisoras Caracol Network in Spanish 1215 GMT 31 Dec 84

[Text] Bogota -- President Betancur has announced that a respectable solution to the Corinto problem has been reached. However, the 19 April Movement [M-19], through its spokeswoman Vera Grabe, assured that negotiations continue to put an end to clashes between that guerrilla group and the Army in the central mountain range, northern Cauca Department.

On Saturday and Sunday a peace subcommission delegation made up of an official of the Government Ministry and two inspectors of the Attorney General's Office, visited there and listened to the guerrillas' viewpoints on ways to resolve the conflict in San Pablo Hill, site of the M-19's camp. They also met with top 3d Brigade leaders. Upon returning to Bogota, they briefed former Minister John Agudelo Rios on the situation.

Attorney General Carlos Jimenez Gomez commented on a letter from M-19 leader Alvaro Fayad, who complained about alleged Armed Forces abuses. The Attorney General's Office will make a separate analysis of the Corinto problem.

The M-19, which interrupted the presidential address over the television for several minutes, said that clashes continue in Corinto and reported that two soldiers were killed yesterday.

In reporting to the Colombians that a respectable solution to the problem had been reached, President Betancur said that greater evils were averted despite the international fanfare displayed by the M-19 to tarnish the country's image, because it requested the mediation of the pope and the presidents of Mexico and Spain.

GOVERNMENT GRANTS U.S. EXTRADITION REQUEST

PA280423 Bogota Cadena Radial Super in Spanish 0000 GMT 28 Dec 84

[Text] Bogota -- President Belisario Betancur's government has granted the extradition of Colombian citizen (Carlos Humberto Gomez Zapata) whom the U.S. judicial authorities have accused of being involved in the manfacture and distribution of methaqualone in the United States. The resolution signed by Colombian President Belisario Betancur and Justice Minister Enrique Parejo Gonzalez states that the U.S. Embassy requested (Gomez Zapata's) extradition in accordance with the treaty signed by Colombia and the United States and that the justice minister, in compliance with the Colombian Penal Code, presented the request, and other pertinent documents, to the Supreme Court of Justice. The Supreme Court of Justice then ruled in favor of the extradition.

ARDITO BARLETTA FORESEES IMPROVEMENTS IN 1985

PA011707 Panama City LA ESTRELLA DE PANAMA 1 Jan 85 pp A 1, A 10

[Excerpts] "The year 1985 will be a better year. With this goal in mind we are working hard at establishing domestic order, so that we can work positively, effectively, and justly, and equally distribute the benefits of this common effort," President Nicolas Ardito Barletta pointed out in his New Year's message to the Panamanian community. In the message, he says in part:

During the year that is ending, the Panamanians held a broad national debate and proceeded with the full democratization of the country through the electoral process. We did this under very adverse conditions, but successfully and without the upheaval that some sectors feared. We have demonstrated that the Panamanian people have already achieved the necessary maturity to forge their own destiny. Together we have reaffirmed our desire for peace and improved human coexistence. Now we must think of the thousands of humble fellow countrymen who daily face serious difficulties and who have the right to hope for a better life. Our commitment is to all Panamanians and is founded not only on recent lessons, but on the lengthy and fruitful efforts of those who have contributed to our fatherland's continued consolidation as a truly independent and sovereign nation, where everyone can enjoy true equal opportunity. The opportunity for national reconciliation based on the common objectives of democracy, economic recovery, and social justice opens the door for us to overcome our difficulties in peace. The year 1985 will be better. With this goal in mind we are working hard at establishing domestic order, so that we can work positively, effectively, and justly, and equally distribute the benefits of this common effort. Our country will be strengthened materially and spiritually because this is what we all want, and to this we will dedicate ourselves with all of our energy while counting on the understanding, intelligence, and industriousness of the Panamanian people.

PRESIDENT RETURNS FROM 1-DAY VISIT TO MIAMI

PA311415 Panama City LA ESTRELLA DE PANAMA in Spanish 31 Dec 84 p 1

[Text] President Nicolas Ardito Barletta returned to Panama on Saturday night after spending a day filled with an intense exchange of opinions and experiences with important U.S. sectors meeting in Miami. The president stayed in Miami for 24 hours in response to a special invitation from a group of U.S. congressmen.

The meeting, called "Miami Congressional Workshop," was coordinated by Congressman Dante Fascell. Its main topic was the analysis of the U.S. relations with Latin America. This is the first time that a forum of this importance has been held and attended by a president. The organizers of the event invited the Panamanian president because of Ardito Barletta's profound knowledge of the problems, needs, and aspirations of the Latin American peoples.

During his short stay in the United States, the Panamanian president was presented with the key to the city of Miami by Mayor Maurice Ferre.

COMPTROLLER, ASSISTANT COMPTROLLER REAPPOINTED

PA281405 Panama City Televisora Nacional in Spanish 0000 GMT 28 Dec 84

[Text] This afternoon, the National Legislative Assembly reappointed Francisco Rodriguez as comptroller general and Abdiel Julio as assistant comptroller general. Ruben Dario Carles had been nominated for comptroller general and Edith de Barahona, Roberto Brenes, and (Cesar Martins) for assistant comptroller general. The reappointment of Rodriguez and Julio was made a few minutes ago, and at this time Jose Calvo, current president of the National Bar Association, is being ratified as attorney general. He was appointed to this post today by the executive branch.

EL SALVADOR

THIRD GOVERNMENT-REBEL MEETING SET FOR JANUARY

PA311836 San Salvador Radio Cadena YSKL in Spanish 0025 GMT 31 Dec 84

[Text] Salvadoran Auxiliary Bishop Msgr Gregorio Rosas Chavez has announced that the third phase of the dialogue between the guerrilla groups and the government to achieve peace in the country will be held at the end of January. The prelate did not specify the exact place or date of the meeting; according to custom, the information will be kept secret until a few days prior to the event. The first face-to-face meeting between the two main parties to the Salvadoran civil war was held in the town of La Palma, Chalatenango Department, on 15 October this year. The second meeting was held on 30 November in Canton Ayagualo, 23 km west of the capital, in La Libertad Department.

Msgr Rosas Chavez recalled that the Salvadoran Catholic Church has maintained an active participation in the peace efforts, which received the pope's blessing in a letter sent to Salvadoran Archbishop Arturo Rivera y Damas. The prelate pledged that the church will continue with its efforts to humanize the conflict, stressing that the dialogue between the two parties must continue.

RIGHTISTS OPPOSE DUARTE, DECREE BUDGET CHANGES

PA311907 San Salvador Radio Cadena YSKL in Spanish 0025 GMT 31 Dec 84

[Text] San Salvador -- In a plenary meeting, the Salvadoran congress has approved the country's general budget for 1985, which totals $973 million. The rightist opposition, in a new show of force, increased the budget for the judicial and legislative branches and reduced the budget for the executive branch, which is represented by President Jose Napoleon Duarte. The largest budget allotment was for the Ministry of Defense and Public Security, at 27.7 percent, followed by the Ministry of Education, 17.1 percent, and the Ministry of Public Health, 8.1 percent.

The Legislative Assembly's decision against the executive branch represents the second battle won by the extreme right -- currently comprised of the Salvadoran Popular Party, PPS; Nationalist Republican Alliance, ARENA; Salvadoran Authentic Institutional Party, PAISA; and the National Conciliation Party, PCN -- in the sense that they have openly and brazenly countered President Jose Napoleon Duarte's decisions in a direct way. This confrontation between the extreme right and the government is deeply rooted and the political crisis in El Salvador will worsen next week, with the arrival of the new year.

During its weekend decision, the Legislative Assembly, which is controlled by the extreme right, cut 46 million colones from the general national budget which was requested by President Duarte. The first measure taken by the rightist deputies was to abolish the posts of three presidential commissioners, including the one investigating the acts of corruption during former administrations. The rightist deputies also decided to cut 1,000 colones from Vice President Rodolfo Antonio Castillo Claramount's monthly salary. In addition, they cut 2 million from the Government House budget and 1.5 million colones from the information system, which they think is countering the rightist sector's proselytizing and political activities.

The Legislative Assembly's decision was not considered sufficient, and the four parties, which in previous years asserted they unconditionally advocated an agrarian reform, decided to cut 20 million from the Ministry of Agriculture's budget for agrarian reform programs.

According to Guillermo Antonio Guevara Lacayo, all this money has been casually transferred to organizations which are handled by the rightist sector, such as the district attorney's office, the accounts court, and the Supreme Court of Justice. Let us wait and see how things turn out in 1985.

OPPOSITION DEPUTIES REPORTEDLY THREATENED

PA011415 San Salvador LA PRENSA GRAFICA in Spanish 31 Dec 84 pp 5, 21

[Text] The 34 opposition deputies who invalidated President Duarte's partial veto of the electroral law currently in force, have received death threats. Jose Napoleon Bonilla, deputy of the Salvadoran Authentic Institutional Party, PAISA, reported this yesterday. He said that the mass campaign that the Salvadoran president is carrying out against the majority of the deputies who form the opposition in the assembly is a serious political action.

Bonilla added that in addition to the president's dangerous and antipolitical position of not admitting that he made a mistake and that the political-legal move he tried to carry out was unsuccessful, Duarte has been using Radio El Salvador, the national radio station, to call the people to an uprising. The deputy said there are recordings of such calls. Bonilla said that in addition, the 34 deputies have been receiving death threats because they decided to publish the true electoral law on the 16 March elections, when the people will elect the municipal authorities and deputies.

Bonilla said: President Jose Napoleon Duarte must accept that in every parliament in the world, it is the majority which makes the decisions and this must be respected. He should also put his feet on the ground and think things over because he is no longer in the opposition and instead, he and his party, the Christian Democratic Party [PDC], are in control of the executive branch. Therefore, they have to honor what they preach about wishing to implement a true democratic process in the country. If they do not respect or accept the decisions of the majority of the people, they are not doing this. Jose Napoleon Bonilla of PAISA said: The 34 opposition deputies pray to God that we will return to our work alive since the death threats are concrete and are accompanied by the above-mentioned campaign and the demostration that the PDC masses held on Saturday, 29 December, through San Salvador's streets. It was "frightening to hear the words used by those people."

ARMED FORCES ANNOUNCE IMPORTANT PROMOTIONS

PA311616 San Salvador LA PRENSA GRAFICA in Spanish 31 Dec 84 pp 4, 31

[Text] Several changes will take place effective tomorrow in different Army and security forces garrisons in San Salvador, Santa Ana, Ahuachapan, Chalatenango, Sonsonate, and other places in the country. According to government sources, some of the changes are of great importance and others are considered routine change, with the intention of giving some of the military and security corps leaders the opportunity to rest and others to render a better service by changing or transferring them.

The sources also revealed the promotion of Colonel Adolfo Onecifero Blandon and Colonel Juan Rafael Bustillo, Armed Forces chief of staff and Air Force commander, respectively, to the rank of general. It was also officially reported that the following officers were promoted to the rank of colonel: Lieutenant Colonels Sigfrido Ochoa Perez; Carlos Andres Araujo Aguirre; Robert Rodriguez Murcia; Julio Cesar Yanez Lopez; Mario Gilberto Lemus; Leopoldo Antonio Hernandez; Roberto Armando Rivera; Rolando Rigoberto Ramos; Jorge Adalberto Cruz; and Jose Ciro Melgar.

Fifteen army majors have been promoted to the rank of lieutenant colonel; 20 captains have been promoted to the rank of major; 25 lieutenants have been promoted to the rank of captain; 90 second lieutenants have been promoted to the rank of lieutenant; and 43 sergeants have been promoted to the rank of second lieutenant. Some of the changes are still being reviewed by President Jose Napoleon Duarte. All the changes and promotions, revealed by the Armed Forces general order, will be effective tomorrow, 1 January 1985.

HONDURAS

ARMED FORCES ISSUES COMMUNIQUE ON MISSING

PA312052 Tegucigalpa Cadena Audio Video in Spanish 1145 GMT 31 Dec 84

[Communique issued by the Public Relations Directorate of the Honduran Armed Forces in Tegucigalpa on 29 December]

[Text] The Public Relations Directorate of the Honduran Armed Forces, in keeping with its commitment to the Honduran people, reports to the public the results of the investigations regarding those persons reported to have disappeared in the national territory:

1. On being elected commander in chief of the Armed Forces by Congress, Brigade General Walter Lopez Reyes said he was firmly determined to cooperate with the other authorities of the Republic in investigating the actions reported by the press as having been carried out illegally and in abuse of power by individuals invested with authority. This investigation was carried out so that once these actions were proven, those responsible could be turned over to the proper courts for due trial.

2. Consistent with that objective, the high command of the Armed Forces issued Resolution MD-232 dated 14 June 1984 establishing a special commission in charge of carrying out the relevant investigations. The purpose of this commission was to gather information on the disappearance of persons in cases where individuals, units, corps, or institutions of the Honduran Armed Forces were implicated so as to maintain public tranquility and to report to the high command the truth about the above-mentioned actions.

3. The special commission has carried out its mission with true responsibility and high patriotism in processing information deemed appropriate for the established goal, in receiving statements -- from organizations, from persons interested in the investigation of events, from relatives and individuals linked to those allegedly missing, and from government organizations or military authorities -- and in visiting sites and buildings where detained persons were said to be held. The report the special commission has presented to President Roberto Suazo Cordova indicated, among other things, the following:

A. From the inform tion received, it has been verified that some of the persons included in the list of names of those reported missing are in the country or have been deported to their country of origin. That list of names is as follows: (Valentin Rodriguez Vallecillo), (Jorge Enrique Jimenez Argueta), (Adolfo Lopez), (Hernan Guevara), (Jose Adelmo Duarte), (Jose Armando Turcios), (Jorge Martinez Mendoza), and (Santos Gilberta Iglesias Argueta). According to the information provided by the Population and Immigration Policy Directorate, the last person was turned over to that directorate in Marcala, La Paz Department because she did not have any documents and following the normal administrative procedures, she was expelled to her country of origin.

B. It is suspected that some of the persons reported missing could have been the victims of a vendetta carried out by non-Honduran irregular armed leftist and rightist groups that in the past have operated clandestinely in the national territory.

C. In accordance with the above and the information it has obtained, the commission believes that it cannot issue a pronouncement with absolute certainty about the disappearance of persons as a result of deeds credited to government authorities. And, even if this were proven, the commission is unable to identify those responsible. It has found that some interviewed individuals have refused to cooperate with the investigation, apparently due to fear.

D. It must be made publicly known that after the investigations, the commission has been unable to determine the whereabouts of the others who are allegedly missing.

E. The path is clear for those interested in taking action before the appropriate courts, where through due process of law, they can accuse the public officials or private citizens whom they believe are responsible for disappearances in Honduras.

F. The commission offers the facilities to the courts and other state institutions in the investigation and establishment of responsibility for abuse of authority.

G. The commission accepts the cooperation of organizations dedicated to the defense of human rights so as to keep citizens free from abuses of authority.

H. The commission will continue its investigations for 90 more days.

4. The Honduran Armed Forces, as an institution fully at the service of the fatherland and its essential interests, does not rule out the possibility that there might be human shortcomings within the institution, but they also believe that the citizens have an inalienable duty to point out those errors so that by immediately correcting them, their actions will strictly fall within the framework of the principles of the Constitution and the law. For this purpose, they urge the relatives and persons interested in investigating and punishing those responsible for the denounced deeds to use the resources the laws grant them with the confidence that the Armed Forces is determined to contribute to the full verification of the deeds, the discovery of the culprits, and the strict fulfillment of the precepts of the law.

Tegucigalpa, 29 December 1984

[Signed] Public Relations Directorate of the Honduran Armed Forces

Editorial Criticizes Communique

PA011637 San Pedro Sula TIEMPO in Spanish 31 Dec 84 p 6

[Editorial]

[Text] "In fulfillment of the agreement made before the Honduran people" the Honduran Armed Forces issued a communique informing the public of the main part of what they call "report on the missing persons," presented to President Roberto Suazo Cordova. According to this official communique, the special commission -- the members of which have not been revealed -- which was directed by the military high command to carry out the investigation of 112 missing persons, presumably at the hands of a special paramilitary organization, "has fulfilled its mission with true responsibility and a high degree of patriotic sentiment."

The people had waited for the report on "missing persons" with great expectation, due to the fact that this is an issue which has deep roots in our national conscience because of the barbarism and social insecurity associated with it, and also due to basic human solidarity.

For all Hondurans and the international community, this report is considered the test of fire for the so-called "Movement for the Recovery of the Armed Forces" [Movimiento Reivindicador de las Fuerzas Armadas], which is one of the most shameful pages in Honduran history and puts the reputations of the Armed Forces and high command on the line.

This matter of the missing persons was one of the main reasons used to justify the dismissal of General Gustavo Alvarez Martinez as commander in chief of the Armed Forces, and the origin of the so-called "Movement for the Recovery of the Armed Forces."

General Walter Lopez Reyes, the new commander in chief of the Armed Forces, has publicly promised, on behalf of the military forces, has publicly promised, on behalf of the military forces, to do everything possible to clarify the case of the missing persons, and consequently to place those responsibly before the national courts so that the weight of the law will fall upon them. This is also an effort to give an example of dignity, patriotism, and public responsibility.

The report on the missing persons, however, says nothing worthy of respect or credibility. On the contrary, it leaves the people with the disastrous impression that human life is worth nothing in Honduras and that there is not a single institution or power within the state to which the people can turn, in whome they can trust, in the hour when the individual is a victim of abuse of power, arbitrariness, and institutional terrorism. Within this fabricated vagueness that is the Armed Forces bulletin, there is only a list of names of nationals and foreigners who appeared as missing persons but "were in the country or had been deported to their countries of origin." There are only eight names, and it is not specified which are Honduran and which are not.

There remain at least 104 human beings, members of an equal number of families, who are still missing and who now have even less hope of being found, or of even having their remains found for the benefit or their possible survivors. In order to explain this immense lagoon, deep, black, unmerciful, there is but one paragraph that will go down in the annals of cynicism in official reports: "Meanwhile, there are suspicions that some of the persons reported missing could have been the victims of vendettas by irregular armed groups of the left and right wing, not Honduran, which in the past have secretly operated within national territory."

"There are only suspicions, not even any evidence, nothing. Simple speculation, without arguments or explanations in response to the definite fact that there are more than 100 human beings whose whereabouts are unknown." The same happens in other places, although with less hypocrisy because at least the Argentine military government, in the end declared the 30,000 missing persons "administratively dead." Those responsible are being tried at this time by the Raul Alfonsin government.

In addition to this episode, it is already known that Major Alexander Hernandez, who was accused by Colonel Leonidas Torres Arias, former G-2 of the Armed Forces, of being the chief of the special squad responsible for the missing persons, will soon travel to Venezuela on a scholarship from the Armed Forces.

In response to these repugnant incidents, the people can do nothing but be indignant and drown themselves in worry and uncertainty. This is the case because that bulletin stands out for what it does not say. Is the involvement so serious, so deeply complicated, that it has not been possible resolve the situation within the framework of justice? Then, the chapter of repression currently suspended will always be like a Damocles sword hanging over the people. Therefore, the people are awaiting an opportunity to give the present leaders of the Armed Forces the support that they need, particularly since they have whitewashed this very important issue.

NICARAGUA

ARDE FORESEES IMMINENT SANDINIST OFFENSIVE

PA010002 Panama City ACAN in Spanish 1221 GMT 30 Dec 84

[By Wilfredo Chacon S.]

[Text] San Jose, 30 Dec (ACAN-EFE) -- An officer of the forces loyal to Commander Eden Pastora has announced that the Sandinist People's Army (EPS) has concentrated large forces at both ends of the San Juan River, which runs along the border with Costa Rica, with the evident intention of attacking the columns of the Democratic Revolutionary Alliance (ARDE). The concentrations were detected by the insurgents in El Castillo, on the shore of Lake Nicaragua, and in the port of San Juan del Norte on the Atlantic coast.

ARDE's Commander "Sam" reported by radiotelephone that the EPS will at any moment begin a pincer movement from the two extremes of the San Juan River to dislodge the guerrillas from the border territory that Pastora (Commander Cero) has controlled for the past 2 years. "Sam" is a military man with the rank of captain who was part of the EPS General Staff until 1982, when he decided to link up with Pastora and joined the guerrillas, according to his own words.

The rebel officer said that the San Juan River no longer has any military value for ARDE and that the loss of its control would not weaken Commander Cero's position. He added that "hundreds of displaced Nicaraguans, including many old people, women, and children, would suffer because they are trying to take refuge in Costa Rica."

Commander "Sam" took credit for taking over the river port town of Atlantic 120 km north of the Costa Rican border, in the interior or Nicaragua. According to the guerrilla, many of Atlanta's 3,000 inhabitants are displaced persons from other war fronts. He said that Atlanta is an important position, similar to that of San Juan del Norte, on the Atlantic coast. This town was besieged for 3 months without surrendering until the government's resources began to run low and its forces withdrew in the middle of November, carrying off almost all their weapons and ammunition.

According to the rebel chief, the EPS has tried to reconquer the position four times, but has failed to do so in spite of the use of at lease six MI-24 helicopters. The identification of these helicopters is "unmistakable" because they are painted red, are "incredibly maneuverable," and are piloted by Nicaraguan pilots trained in Bulgaria, according to the ARDE officer. The operations base of the MI-24's was given by "Sam" as Bluefields, where the Army has concentrated some 5,000 men who are equipped with most modern arms that have reached Nicaragua.

The guerrilla said that Pastora's forces have no defense against the Soviet helicopters of the EPS because RPG 7 rockets and anti-aircraft machine guns cannot harm them, even with direct hits.

LA PRENSA'S CHAMORRO ON GOVERNMENT-CHURCH TALKS

PA310359 Managua Radio Sandino in Spanish 1300 GMT 30 Dec 84

[Interview with Jaime Chamorro Cardenal, codirector of the newspaper LA PRESA, by an unidentified reporter; date, place not given -- recorded]

[Text] [Reporter] What do you think about the Episcopal Conference and the government meeting?

[Chamorro] Anything that can be done to achieve reconciliation is very positive. I do not know exactly what they discussed, but they claimed it was positive and now they are going to appoint a commission. I think that these conversations are good for the country. We should try to have a meeting of political parties that should include the Ramiro Sacasa Guerrero Democratic Coordinating Board, CDN, and the parties that participated in the elections so that they all can participate in a discussion of the situation.

[Reporter] What would be the contribution of the Conservative Party?

[Chamorro] To try to share the problem and see what can be done to achieve reconciliation. We must do something to obtain peace. In my opinion, we must reach an internal understanding in order to obtain peace. We cannot fall prey to any of the two big powers struggling over Nicaragua. We must do something so that they leave us alone to solve our problems. However, first we must reach an understanding.

[Reporter] What message would you as a businessman and a member of the Conservative Party send to the peasants fighting on the northern and southern boders?

[Chamorro] All those that are fighting on both sides are Nicaraguans. As I said before, what we want is to obtain peace through an understanding among Nicaraguans. What we have here is two big powers fighting to see which of the two systems prevail and Nicaragua is the battlefield where they are fighting for their respective systems.

[Reporter] Would you be willing to ask the U.S. Government to stop financing the counterrevolution and building military bases in Honduras and Costa Rica?

[Chamorro] I have said that the two powers should get out and leave us alone to solve our problems. The United States is not going to leave simply because we want them to if the other power does not also leave. The United States is not going to leave and let the other power that is here making decisions control Nicaragua. My opinion is that the Cubans, Russians, and Americans have no business here. Nicaragua is ours. Nicaragua does not belong to any of them.

[Reporter] The USSR does not have military bases, but the United States? Yes?

[Chamorro] The United States does not have military bases in Nicaragua.

[Reporter] The United States has military bases in Honduras and Costa Rica.

[Chamorro] It is not necessary to have military bases here to have a confrontation. The truth about the Nicaraguan situation is that this is the battlefield of two big powers and neither will leave and let the other stay. That's for sure. What we must do is to ask the two powers to leave us alone, to leave Nicaraguan to the Nicaraguans and to leave the remainder of Central America.

CASTRO ADDRESSES CLOSING OF ANPP SESSION

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[Speech by President Fidel Castro at the closing of the seventh regular session of the National Assembly of the People's Government [ANPP] in Havana's Palace of Conventions on 28 December -- recorded]

[Text] Fellow deputies: In the past few weeks I have addressed the entire country on several subjects of great importance, in our view. I do not have anything new to say, which is why I am going to go over them and talk a little more about these same matters.

First, I will say that important agreements have been reached in this National Assembly meeting, very important. I think the housing law is a historic one, is much broader than the first laws the revolution made on rent reductions and later on, the urban reform. At that time, the revolution made laws at the expense of homeowners. At this time, the revolution is making a law at the expense of state property, without it going broke.

In reality, the socialist state looks at the housing problem as a financial income, as a source of profits, even in the best sense, because state profits are the people's profits. The state annually invests large amounts of money in housing. In this case, it will mean an end to some income during a number of years, but this is not an important income.

In our country rent is so low for those who pay it that we cannot forget that thanks to the first laws many families do not pay rent.

In this case the law will mainly affect the hundreds of thousands of new housing units built by the state in these past 25 years. In addition, the state is not seeking any profit from those units which are going to be built, in other words, no state profit. The state has many and more important sources of income to fulfill the country's needs, that is, whatever is invested in future years will be reimbursed to the state with minimum interest, based on building costs of the units.

This demonstrates what only a socialist system can do. An objective like this one cannot be attained by any capitalist state. A socialist state can, if it wishes, establish low rents as all socialist states do. In the USSR rent is very inexpensive, including heat and other things, so cheap that it is practically free...that's the way housing is. If it so wishes a socialist state can also offer free housing. In the USSR's case, I repeat, it is practically free. In addition, if it so wishes a socialist state can build houses, rent them, receive income, and, in addition, make a profit. Since that profit could be used for other things of benefit to the people, it would not be a departure from ethical or socialist principles.

However, only a socialist state can make this type of law. like the one we have just adopted, making homeowners of all the country's citizens.

There is something else which happens in capitalist countries. Homeowners have to pay such high taxes that many families in Europe, United States, and other developed capitalist countries have to pay hundreds of dollars each month. In our country, our people will neither pay rent nor taxes on homes. It will be their home to be paid off in a relatively long period of time. No one pays taxes, and I think no one will pay. I do not think that in the future, with the development of many other resources, the socialist state will have to collect taxes on housing. This does not happen in any capitalist country, it is absolutely impossible.

An investment fund will be created [for housing] and it will grow little by little. It will grow as our possibilities will make it possible until the true housing needs are met, which is one of the most difficult problems in today's world, one which has been resolved only in socialist countries. No capitalist country has solved the housing problem.

As we just said, this is not a departure from socialist principles and those of Marxism-Leninism. We do not become capitalists, as stated in a press agency news report which said we were making some laws which leaned toward capitalism. We made similar laws at the beginning of the revolution when we were moving toward socialism. Why are we not going to make them now that we are moving closer to socialism?

As I explained yesterday, we have introduced some elements such as the possibility of renting a room for free. That does not mean we deviate from socialism. As I explained yesterday, that is solved by development. Whenever we have enough housing and when any citizen can obtain an apartment at a relatively low rent or price, he or she will not rent a room from anyone if he or she has to pay much more. That does not worry us, and development itself will eliminate that prerogative or possibility of renting a room which makes it possible for some people to earn an income, there will be a sort of redistribution among the people. That will not create any kind of capitalism.

Another very important law we have just adopted is the labor code which consolidates practically all legislation we have been developing during these past 25 years.

We do not believe our code is perfect, it is the first code. We do not believe our legislative enactments are perfect either. It is possible that when we get deeper into this matter some criteria, some regulations will have to be modified and improved, so that they may contribute to labor legislation, not only to the determination of workers' rights but also to the country's development, to the maximum utilization of human resources so that we may be an efficient nation, disciplined, productive, highly productive. This is why the code states that it should be revised. But I believe it is a very progressive legislation which consolidates the accomplishments of our workers and the rights of our workers in their revolution.

In this meeting we also had the opportunity of studying... [changes remark] learning about higher education, what the revolution has done in that area, the resources higher education has, the number of students. Doubtlessly, [higher education] has made a colossal leap. The leap is so colossal that Pinar del Rio, the Cinderella [province] Pinar del Rio, the Cinderella, has as many students as all Cuba had before the revolution, almost as many university students.

Yesterday we also had the opportunity of discussing the efforts made in universities to overcome dificiencies and mistakes. They are, however, in the process of being corrected. I believe we have many possibilities in that area and yesterday I was expressing some ideas about what we should do about the admission process to higher education, and what is already being done about raising the level of academic achievements of pre-university students who later enter the university.

We also had the opportunity of listening to the magnificent report of Pinar del Rio Province and the pleasure of being able to appreciate the colossal change in that province in these 25 or 26 years of the revolution. It is a motive of real pride and satisfaction for all of us, even more when we know that it is taking place in a country where the major leaps have been made in social development, education, health, sports, and culture.

What has happened there is a reflection of what has happened in the country's 14 provinces and a reflection of what has happened in the special municipality of Isle of Youth; that island has gone from prehistoric to modern times in just a few years. Pinar del Rio actually went from feudalism to socialism. It was the property of a group of landowners. They owned everything there. It was managed by a group of politicians.

Pinar del Rio was one of the last provinces to join the war of independence. The invasion forces were headed for Pinar del Rio, but when they arrived there they found great patriotism, great enthusiasm, combativeness, cooperation, and Maceo waged there one of the most brilliant campaigns of his life. Once again, Pinar del Rio Province is showing that enthusiasm, that combativeness, that patriotic spirit, and that wisdom to confront problems and to make progress.

These things are important. But I believe the most important thing we have agreed upon today and which will have a greater impact is the 1985 economic plan and the concepts behind it. You heard the report Companero Humberto [no further identification given] read which includes a lot of the 1984 plan results. Objectively, the plan results with indexes, increase in production, in productivity, the social indexes and economic indexes -- they are good, we could say very good.

Which Latin American country can show the growth our economy had in 1984? What capitalist country -- United States this year had a very strong growth -- had it? Let us see how much it will be in 1985 and 1986. Everyone knows that the United States has imposed enormous interest rates because of its predominant, hegemonic influence in the capitalist economy, the economy of the Third World. It has been able to impose those interests rates, as I explained on 26 July in Cienfuegos. It collected money based on those high interest rates. It affected the economy of its own Western allies, all of them, in one way or another. They have been able to grow very little.

Unemployment has increased with Japan as the only exception, recording a little more progress than the other countries...or an increase in its economy over the western European countries. Doubtlessly, it is one of the capitalist countries with an efficient economy. This also has an explanation in the fact that after the war, due to accords or arrangements made after the war, Japan was forbidden to make military investments. These were reduced to a very low level up to now. For the last few years, the United States has been pressuring Japan to increase military spending.

They have basically invested their resources in developing and modernizing their industry while the United States invested tremendous amounts in the military. Now it is doing it to a much greater degree. As a consequence, many U.S. industries have become old fashioned, backward, nonproductive, expensive; U.S. steel industries can not compete with those in Japan or other countries. All the money the United States has spent during the past 30 years, Japan has invested it in industries, they have developed technologies.

There are some who say they have copied a lot of technologies. The reality is they have developed an efficient industry and, I will say more, with efficient products. We are acquainted with a lot of their equipment in different areas; in construction, transportation, electronics and, without promoting Japanese products and only out of honesty, I would say they are of good quality. It is the only developed capitalist country able to face up to the economic crisis with good results.

Well, the United States has had a good growth. There is a great number of economists who consider another crisis will come soon, above all, if they do not overcome the budget deficit of around $200 billion which has raised the U.S. public debt to $1.65 trillion, in other words, a million of millions plus six hundred and fifty thousand millions.

That is the public debt, so around one-third of the budget's income has to be used to pay public debt interests.

In January they broke a new record, $28.5 billion in deficits. It is said that at that pace...[sentence incomplete] Because if October's deficit was big no one knows how big December's deficit will be. If in only 1 month they have had a $28.5 billion deficit, it is possible it may surpass the $200 billion mark during this fiscal year. It could be $205 billion. It is not known yet how they are going to solve it. U.S. people were promised that under no circumstances would taxes be raised. How can they lower that deficit? Of course there are new plans to reduce medical assistance, social security, and so on, which have already been affected during these years. There have been talks of certain limitations in the military budget. But I insist that the U.S. economic situation is an objective reality. The economic problems are like winds which are approaching.

In my opinion, they are winds that must blow in favor of international detente, and of the search for some form of coexistence because with that policy and with those expenses, they will not be able to avoid very serious economic problems. I am totally convinced of that. If they become involved in a war, no matter what the cost, it would really be an absolutely insane act and also an act of suicide, a mass suicide. How then are they going to face economic problems if they continue with that deficit and with that level of military spending? It is not necessary to be an economic specialist. It is sufficient to have basic common sense to understand that.

But not only that. The U.S. trade deficit has now reached $120 billion. That is how much more they import than they export. They have almost as many problems as Jamaica or Haiti. They are more less the same, because they cannot continue to do that. As the U.S. press itself has said, the Washington newspaper said they were living on the money of others, they were living on loans, and they were living like the Latin American countries of 3 years ago, beyond their production and their productivity.

It is indisputable that they are importing without limits. Their own merchandise is not competitive with much of the merchandise produced by other industrialized capitalist countries. They have to set quotas, limits to the importation of steel, equipment, and an infinite number of things. This contradicts the very theories and principles of capitalism and free trade, and so on, which the capitalist countries and the industrialized countries have always defended. Free trade. And they have opposed all forms of protection of national industries in the Third World.

What sank the Chilean economy? What sank the Argentine economy? The theory of free trade and competition. Think about it. Argentina produces automobiles and they are not bad. We have a few thousand of their cars. Here, they were used as rental cars and for other purposes. That country produces relatively good cars. But if the tariffs were suspended and the Argentine cars had to compete with Japanese cars; if Argentine steel had to compete with Japanese steel in cost; if Argentina's car industry had to compete with Japan's, which often has robots working instead of men, the Argentine automobile industry would be ruined, all the country's industry would be ruined.

And that is what the military governments in Chile and Argentina did. They opened their doors to merchandise from Taiwan, South Korea, Hong Kong, countries dominated by transnational corporations that have invested there and used their technology based on low wages, but with a much higher productivity rate.

Naturally, Chile and Argenina and all those countries were inundated with products and merchandise from Korea, Taiwan, Japan, and all those countries.

The domestic industries in Chile and Argentina were ruined. But not only that. Capital flight. The United States was paying 12 percent interest rates and the money was secure. The same thing happened in Chile and Argentina that happened in Mexico, Venezuela, and many other countries, and that is that every time someone smelled a devaluation -- because a devaluation is the confiscation of money deposited in banks -- people would exchange their money for dollars -- that is called free exchange -- and deposit it in the United States at a high interest rate and providing more security for their money.

In large part, this debt of $360 billion does not simply mean that they spent all that money. Of course they spent money and plenty of it. In some countries they even stole and they stole plenty. But a large amount of money left the country and was deposited overseas. That is the true picture. It reflects somewhat the tragedy those countries are experiencing with their debts; the prices of raw materials and depressed goods; the increased tariffs of the capitalist countries. All that is behind the economic tragedy of the Third World, especially in Latin America, which is experiencing a crisis from which no one knows the way out.

We know of many who are concerned about this problem and who are studying the fate of this hemisphere in the year 1990, in the year 2000 and in the next century. There is not an exit from the tunnel in sight anywhere.

Well, in this year of 1984, we have experienced a growth rate of 7.4 percent in our economy. And not only that, it is a sustained high level of growth during these years, which shows up in data, such as those reflected here: How many more tires have been produced, how much more cement, how much steel, how many millions of pesos worth of spare parts, how much was produced by the food industry, how much was produced by each sector of our economy. These figures represent real objective growth with no exaggeration, with no falsified data.

Well, we must now analyze this growth, despite the fact that it reflects a situation that is very different from and much better than that in any other Third World country or any other Latin American country, even the richest ones, the ones like Venezuela that have $15 billion in revenues just from oil. But despite these revenues, the cables publicize the economic difficulties, growing unemployment, which has topped 20 percent of the population, the poor neighborhoods, and all kinds of problems. Despite these fabulous revenues, Venezuela does not have the growth that our economy has had. Despite the fact that our socioeconomic development, I repeat, is far above a view of Cuba is in no way similar to a view of the other Latin American countries. [incomplete sentence]

The imperialists are masters at making up things. Their propaganda says something or other everyday.

Recently, I read a press agency report reviewing the whole thing. It referred to Cuba which, it said, has had rationing for such a long time. It did not say anything about modern Cuba, which has no beggars, or illiterates, or skid-row bums, or prostitutes, or gambling, or drugs; where more than 90 percent of the children between the ages of 6 and 16 attend school; where social security covers the entire population; where the level of nutrition is at the top of the list of Latin American nations; where public health conditions are the wonder of the entire world; where the infant mortality rate has been reduced to about 15, and about which visitors, or Latin American women, or the pediatricians of Latin America and Spain who visit us for a congress are really amazed.

The more they propagandize against Cuba, the greater the surprise, the amazement of the visitors when they see what our country has really achieved.

In their propaganda, when they refer to us it has to be briefly and not really touch us because we are like a hot potato. [laughter] With all the lies they tell about socialism, how can they tell the truth about what Cuba has done, and how can they compare Cuba with our Latin American sister nations? Their theories are failing, their formula has failed.

We still remember how they talked about the Alliance for Progress as the great panacea that would save this hemisphere. There was talk of 20 billion and now they owe 360 billion. And they have to pay tens of billions per year in interest, if they can pay. And their economic and social conditions are worse than ever. It is logical that it should not be in their interest to conduct up studies in this area. But they are aware of the truth. They know what the truth is. Everyday there is a pile of press reports on the economic and social condition of Latin America.

Our situation is incomparably better than that of any of the brother countries of this hemisphere. Why? How?, Now that the price of sugar on the international market has dropped below 4 I have been told that yesterday or the day before yesterday it had dropped to 3.2 cents per pound. This is a level of $70 per ton of raw sugar.

At the time of the triumph of the revolution, sugar was worth about 5 cents or 6, then it dropped to 4. But at that time a ton of sugar bought 6 tons of crude oil. And now, at that price, to buy a ton of fuel oil or diesel oil you need more than 3 tons of sugar.

Why are we doing what we are doing? How can we manage to live as well as we do and have such favorable economic and social indicators? We should ask how and draw the pertinent conclusions that I believe we are drawing.

Is our growth rate of 7.4, which is the real growth rate, and all the areas in which we have shown growth the most appropriate for the future of the nation? No. This is the first conclusion. In three areas we have not grown for different reasons. The 1984 sugar plan was not met. It called for 8.8 million, 8.9 [million tons], and we reached 8.2. We had a shortfall of about 600,000 or 700,000 tons. It is fair to say that we know that the workers made a great effort, which is true. They did not use crude oil in 1984 to produce raw sugar, which is a great improvement. Six or 7 years ago, half a million [tons] was used to produce 6 million tons of raw sugar. And now, zero consumption of crude oil in the production of raw sugar, in the production of 8.2. But we were 600,000 or 700,000 tons below the goal. I recall that the difference was even greater. Sugar yield dropped 10 percent. More cane was ground than the plan called for. The weather was really unfavorable.

This is an important area. The price of sugar dropped, sugar production dropped, the sugar we needed to export to convertible currency areas and to socialist countries.

Due to certain reasons and factors, the nickel production plan was not met. This is another important product that we export partly to the convertible currency area and partly to socialist countries. Nickel is one of the most highly valued products in socialist nations.

The production of citrus fruits -- which is another of the important exports to socialist countries, due to receive specific quantities according to the annual and 5-year plans -- fell below the planned amount because of a variety of factors. I am not going to analyze all the objective and subjective factors. The fact is that the nation was unable to fulfill the citrus plan at the necessary rate, or the citrus fruit irrigation plan.

These are three important products. In three we did not meet the plans. In nearly all others we met or exceeded the plans, but we fell short in three strategic export products. We increased imports. Our growth required an increase in imports under our 1984 plan and an increase in exports for convertible currencies.

Purchases in convertible currencies increased but exports for convertible currencies did not increase, so the value of the growth rate is relative. Of course, exports of a few other products for convertible currencies did increase. The preceding year we had lost virtually the entire tobacco harvest when a hurricane hit Pinar del Rio. This is why there was such a large growth rate in tobacco this year because in 1983 almost the entire harvest was lost. On one occasion blue rust hit us, then the hurricane or hurricanes. This is why we have such a large growth rate for tobacco. The comparison is made with a year in which there was no crop!

Exports of fish and shellfish increased, and income from tourism and income in convertible currencies increased. But three strategic export products for capitalist and socialist countries were below the plan. And our very high growth rate required raw materials and other outlays of convertible currencies that exceeded the increase in exports to the convertible currency area. So, what is of basic interest is not growth for growth's sake but the areas in which growth is achieved and to what purpose.

There is no question that producing more reinforcing rods is a good thing. We can build more buildings or we can export reinforcing rods, but we have to choose. Our production of reinforcing rods has increased and will continue to increase at a much faster rate. Santillana de Acero will reach a production rate of 900,000 tons of steel [words indistinct] constantly in collaboration with the Soviets to this end. Cement production has increased, if we used all these materials in construction here in Cuba, the economic growth rate would continue to be high but we would also have to import tires from the convertible currency are because, if we don't produce them, we have to import them or the raw materials to produce them. We would also have to import batteries, spare parts, transport and, depending on what we are dealing with, pipes, diverse materials, wire, whatever, a lot of construction materials, because we do not produce all the needed construction materials. And we would have to import crude oil, too, because each ton of diesel oil we use costs $235 or $240, I don't remember, but more than $230 a ton.

If we invest 100,000 tons more in construction -- I am using construction work as an example -- this is more than $20 million less that we would have, because if we save that crude oil out of the amount that it is stipulated we will receive, as I explained at the energy forum, then we can reexport the crude oil and it is a source of convertible currency income.

If all these production increases in cement, steel, and everything else were used in construction, and we need to build and want to build; all our organizations, all the people's government organizations know that we need to build. And if they don't know it, the voters remind the delegates every day that we need this, I want this store on this corner, we must have this thing, we want a stadium here or we need a polyclinic, in short, more essential or less essential buildings, or we need so many apartment buildings or a better school or a movie or a cultural center for a museum, a movie house [words indistinct]. Everyone has a lot to do and wants to do a lot. Okay.

There may be an improved growth rate, and we could invest everything here and consume everything here. We could increase textile output and distribute 1, 2, or 5 or 10 square meters more, or more refrigerators than we build here.

We have two kinds of refrigerators: those we build here and those we import from the USSR. One of the components of our domestic production is convertible currency. Unfortunately, many of our products require some convertible currency. A part of everything we invest and produce always requires convertible currency.

Thus, it is very important to know how we are growing, when we should grow, and in which fields we should grow. Is it advisable perhaps for us to increase production that requires convertible currency and decrease production that earns us convertible currency? In a certain sense, this is what happened to us in 1974: [as heard] Production increased that required convertible currency or that kept us from saving things we could have exported, and production of some of the strategic exports decreased for diverse reasons; that is, production did not decrease but rather the plan was not met, this is a more correct way of putting it.

This affects us, not only in the convertible currency area; it affects us in fulfilling our obligations to the socialist nations. It affects our deliveries of citrus fruits, sugar, basically to the USSR, and nickel. Let no one think that the Soviets pressure us or make demands. Quite the opposite. They were absolutely understanding of our problems, as they have always been during these 26 years, and they made a maximum effort to make all deliveries of goods already agreed on in 1980.

And it has always been thus. Now, we are men of honor and pride and our people have very great prestige and respect and are very much admired in the socialist community. No one has to tell us that an essential duty of our country, a moral and essential duty is for us to complete these obligations. But I not only believe it is a moral agreement, I also believe it is an economic agreement. The more serious we are in the completion of our obligations, the more possibilities we have of counting on their goodwill and enthusiasm to help us.

I explained that and I am thinking about one of those workers in Siberia, 20 degrees below zero, producing oil or lumber in any given minute. Of course, one would feel much more satisfied and morally compensated knowing that our nickel is arriving there and our sugar is reaching Siberia and grapefruits from the Isle of Youth and oranges from Cuba are also arriving in Siberia; and that whatever we have to deliver is arriving.

I said that, but it is also important that we invest those resources in the best way possible. Logically, two problems concern us. One is strictly economic, that of convertible foreign exchange although the prestige and seriousness of the country is evident in the degree to which it completes its obligations. And there is a moral problem with the countries of the socialist community, not only moral but also a strategic problem for the country, economically strategic, in the degree to which we are capable of increasing production, we will receive many more resources, simply because the prices we receive for nickel, for sugar, for citrus fruit, for all our products are much higher than their prices on the international market. And the socialist community, particularly the USSR, constitutes the fundamental pillar of our present and our future, of our development; a solid and tremendous base that we should preserve. We should therefore cooperate and if our nickel is available to produce better steel of higher quality, the equipment of the socialist countries will improve, to the degree to which this raw material is made available.

And we benefit from all of this. To fulfill the obligation also helps in the development of those countries. Not fulfulling the obligations means that we become a burden, limiting to a certain degree the development of the socialist community.

So it is very clear, it should be clear to every one of us, to each citizen the knowledge of how we grow and what grow for, in what we invest, and what we invest for, what are the problems we have to solve. We have the greatest trade rate within the socialist community. I already said it a few days ago. In 1983 we had 13 percent of the imports. In 1984 it was a little more, it was about 15 percent. I do not know if it reached 16 percent. It was a little more because it was necessary for this growth to import a little more. This is the base and the reason in the present international economic circumstances and with the price of sugar at 3 cents or so, we have the best situation of all Latin American countries and even better, we not only maintain but continue our economic and social development. It is really a privileged situation.

Our relations with the socialist countries, the trade relations we have with the socialist countries, the solidarity of the socialist countries with Cuba shown in these years with a cooperation that has never failed iswhat has made this mircale of ours possible. It is not only our merit, our efforts, our work. We have merits, we have made efforts, we have worked, we are not going to deny it. But without that solidarity, that cooperation, it is unthinkable that we could have shown the achievements in the economic and social areas.

I am not going to talk about the free arms we have been receiving for over 20 years. The Yankees keep track of what arrives and what does not arrive. They make estimates about how many tons arrived in a given year, 20,000, 30,000, it is possible they may have better data than we do because we generally do not count them by tons but by thousands of cannons, of tanks, of all kinds of armaments, and hundred of thousands of other weapons, but we do not count them by hundreds of thousands, that was in other times. We can speak of millions. [applause]

Yes, we do not count by tons. In other words, our country...[changes remark] The revolution, which arrived so opportunely [applause] so opportunely, spared our people from who knows what kind of tragedy. However, our people knew tragedies in the past; the conditions for an immense majority of our people was always tragic under capitalism. Those in Pinar del Rio can attest to this [laughter] to given an example. [laughs] The same thing can be said by those living in Granma, Camaguey, and the central and eastern provinces, and throughout the country.

There was a time when the situation was even more tragic, during the great crisis, the great depression of the 1930's — which coincided with what everyone calls the (machabato), the (machabato). [repeats himself] I nearly...[corrects himself] Well, I will not say that I grew up during the (machabato); I had already grown up before the (machabato). However, almost all my adolescent years, my youth, I heard about the (machabato). Imagine how it must have been! It was mentioned as something really bad, in a country where the people were employed only 3 or 4 months, and faced many calamities. I was a witness to this.

Well, that represented a decrease in sugar prices, but that 3-cent price is lower, much lower, much lower [repeats himself] than the sugar prices during the worst period of the (machabato); the price went down to 1 cent and half a cent. The purchasing power of a dollar at that time was far superior to the dollar's current purchasing power. Suffice it to say that during the first years of the revolution, when sugar cost 4 cents, it was worth three times as much as it is now. What was needed to purchase...[changes remark] during those years a tractor could be bought for $20,000 -- a 120-horsepower tractor. It was the same for all kinds of equipment. Today, that same bulldozer, let us say a 120-horsepower bulldozer, costs more than $80,000. Any kind of equipment or product now costs four times as much. It is no longer only the oil, as I mentioned earlier.

What would happen to our country if those 8 million tons we produce had a market? Those 8 tons [as heard] do have a market, more than enough, due to the socialist community, which is our sugar market, where our sugar prices are paid on a stable basis. We get good, stable prices that are protected against price fluctuation of merchandise imported from the socialist area. Either the price of our sugar increases with the price of imports received from that area, or else the price of our sugar remains at the agreed amount; and the price of the merchandise imported from the socialist area remains the same. If we compare these prices with those of the world market, they are incomparably higher prices, for the sugar, citric fruits, nickel, our main export products to the socialist area.

Well, let us suppose that we exported 7 million tons at those prices. It would be barely enough to pay 20 percent of our fuel bill. We will not talk now about wheat, imported foodstuffs, raw materials for fodder, raw materials for the industrial sector; for example, all the cotton we import from the Soviet Union, the hundreds of tons of wheat, butter, other foodstuffs, equipment, raw materials, textiles, chemical products, fertilizers, lumber, and steel. We will not talk about all this, of the raw materials we get from other areas for medicine, or already prepared medicines.

The 7 million tons of sugar, at those prices, would only cover 20 percent of our country's fuel bill; a 7-million ton sugar production or export is no small thing. That sugar would not have a world market, it would not, due to a series of factors, some of them repugnantly selfish, such as the EEC's policy. It used to be a sugar importer and now wants to export 5 million tons based on subsidies, even though they have no market for it. The EEC could go to most of the Third World countries, but they lack the means to pay for the sugar. Anyway, the EEC has started to compete with Third World countries, with a subsidized production of 5 million tons. That is capitalism; capitalism is precisely that.

Socialist countries, including the Soviet Union, had plans to increase their sugar production. Following the rise of the Cuban revolution, they opened a space for our sugar and limited their development programs. Only a socialist country is capable of doing this; no capitalist country is capable of doing this. What the capitalist countries actually did with sugar, which represents the livelihood for dozens of Third World countries, was to produce a large surplus, based on subsidies, and to bring down prices throughout the world. The last agreement could not even be concretized, it could not be concretized, as reported by the companeros who participated in the meeting. Australia boycotted the sugar agreement at the last minute. A struggle was carried out to see if a 9-cent, 10-cent, or 12-cent price could be achieved. Why did Australia do this? Our delegates there were able to confirm many relations and many contacts between the U.S. delegation and the Australian delegation.

Well, it is said that Australia is trying to get the Chinese market and it planned to include our exports to China in the agreement, as part of the quota. These are demands that are established now and then. However, it was quite suspicious that when our points were presented at the end regarding our demands for the sugar quotas, the EEC presented different prices. The fact is that, due to small details and Australia's intransigent attitude... [changes remark] We must say this, because Australia is considered a country that wants to improve its relations with the Third World, despite the fact that they no longer have a conservative government. However, we must say it; it has to be said, and I avail myself of the opportunity to say it. We suspect that the sugar agreement was deliberately boycotted as a result of the maneuvers between the United States and Australia. The imperialist policy was behind all this, with the intention of affecting Cuba, and aimed at stepping up the boycott and creating problems for our economy. Have they forgotten that they have been doing this [laughs] for 25 years?

In fact, we have become specialists in turning their villainies into successes for our revolution. [applause] We turned each of their actions into something useful. I will refer to this later; it is a law of this revolution.

I believe that we can now start to turn this into one of our greatest successes ever, precisely with what we have been discussing regarding economic matters. However, we still have a question: What would be our country's purchasing power with these sugar prices, during this critical situation which prevails in the world? A fifth part of the fuel we use...[changes remark] We are calmly using fuel in this hall right now. [laughs] When Valdivia spoke of ways in which people could cooperate to produce foreign exchange, I almost told him: Turn the light off for 5 minutes [crowd laughs] and we would be producing foreign exchange. We would also be saving fuel oil [in English]; therefore, [laughs] everybody can do it.

The companeros from Pinar del Rio have told us that in 1958, prior to the revolution, only 29 percent of the population had electricity. We would have to see how much they used, how many kilowatts, and how many types of electric appliances they had. The population has doubled and approximately 80 percent of the population has electricity. I think that is the figure that [name indistinct] gave us, but I may be wrong. Anyway, I was considering this and thought: Well! The Pinarenos have doubled in amount and use [corrects himself] and 80 percent of the population has electricity. We would have to see how many types of electric appliances, televisions, refrigerators, and so on [interrupts himself] I remember that during the last hurricane a few families lost their furniture, televisions, and refrigerators. Many of their appliances were replaced; others, who lost everything, have been given the opportunity to purchase new ones. Many refrigerators, television sets, and others were seen in the areas of Pinar del Rio.

This phenomenon is similar, I believe, at a national level, regarding those who have electricity, if you count Havana, where practically everyone has electricity. Some provinces have less, others have more; 85 percent of our people enjoy electricity. Even the peasants, tens of thousands of peasants in the eastern mountains, will have electricity. Some already have electricity; others will have it soon, through a program which was prepared for the peasants. How has this been possible? Why has this been possible? Precisely for the reasons I have already explained. Therefore, we must draw our own conclusions.

Analyzing the international situation, the economic crisis, current and future problems and the perspectives after 1990 and the year 2000 in the Third World and in our country, we have arrived at very important conclusions, at specific ideas and concepts. It is not that these ideas did not exist before, as I have explained them in theory to some companeros. On occasions we have said: What is advisable, theoretically speaking, is to increase exports, concentrate on the economic aspects and limit social investments. However, we had not arrived at a conviction, at a generalized awareness within the party's directorate and the government as we have now. This had not happened before. In other words, we had only arrived at these ideas and conclusions about what we should do in the future in theory. Now, I think...[changes remark] There is a relation between specific situations and the things that the revolution does and discovers. Moreover, all revolutions are a source of knowledge, they represent an incredible learning process. After 5 years, the revolutionaries believe that they have learned something, after 10 years [laughs] they discover that they had a lot more to learn, and after 15, 20, 25 years, we have certainly learned everything in these 25 years.

Nevertheless, I think that in recent times two factors have generated two real revolutions: one in the defense field, and the other in the economic field. The danger, the tense international situation, the threats of imperialist attacks began a real revolution in defense concepts. Things have changed significantly from the days when the job of defending the country seems to be an exclusive task of the Armed Forces in the military field. This does not mean that the people did not take part in defense. They participated from the beginning in the workers and peasants militias, in the struggle against the bandits, in Escambray, Giron, then the military service came and large reserves were created that gradually replaced the first contingents of militiamen. In this manner, our defense capacity continued to grow, it did not remain static, it continued to grow year after year, in experience, the number of troops, efficiency, everything.

Ah, but we all had the concept that public health was basically the responsibility of the Public Health Ministry, and education of the Education Ministry, although the masses have always participated in activities such as the vaccination campaigns, as well as in the defense activities. It was precisely this dangerous situation that made us all think, meditate, and analyze, and with the fervor and passion with which we have been ready to defend our revolution and our homeland, we have arrived at truly new and revolutionary ideas in the concept of defense. This is when we replaced the previous concept with the idea of that the country's military defense, the combative readiness, and everything necessary for combat and to support combat was a task for all the people. From the time we arrived at this concept, approximately 4 years ago, more or less around this date, during the second congress of the party, after a new U.S. President had been elected, whose policy and programs were known, we began to take measures, and develop ideas. Could we measure or determine how many times stronger we are today? If we analyze the number of men and weapons, we could say mathematically, that we are three time stronger. However, this is not so. We cannot measure our strength [laughs] by the number of weapons. We have increased the number of weapons 3 times, but the country's defense capacity has been multiplied 10 times. In two words, a country that theoretically could be defeated by a more powerful army, with many more weapons, with many planes and aircraft carriers, and many (?fronts) a country that theoretically could be defeated, has been transformed into a country that cannot be defeated either theoretically or in practice. [loud, prolonged applause]

It is no longer a matter of so many divisions, regiments, battalions, so many tanks, so many airplanes. It is about all of the people everywhere, fighting all types of war. There is no way, and I say this, as I have noticed it in modern experience, there is no way to defeat a country under these conditions. This is not Europe, or let us say like some countries with combative and brave traditions, and brave peoples such as...[sentence incomplete] Oh, but the armored divisions entered, and in a matter of days or weeks we were defeated; they penetrated up to here, surrounded even the Army, and initiated combat. Of course, our Army could not end the war. Of course not. This was demonstrated in the USSR. Despite the surprise of the concentration of arms and men with which they attacked the USSR, the Soviet Army did not break down, it continued to fight. In other places it did not happen this way. In many places they would say tanks are coming, and everyone would raise white flags.

Confusion and desperation, this was the psychology upon which the lightning war was based. A bourgeois regime cannot fight. It all depends on its morale. In the last world war it was demonstrated that the combat morale of the bourgeois societies was very low. Meanwhile, the combat morale of socialism demonstrated its strength. It was invincible. Many thought that it was a matter of 3 months, that within 3 months I would be called to Moscow [as heard] and the same would happen there as in other places. Nothing happened [chuckles], that is, something happened, that the Soviets got to Berlin and a little further after a while. There are many examples. Vietnam itself was the admirable and extraordinary proof of a people's capacity to resist. Other peoples, I can mention the Salvadorans, who have a small piece of land, and they have been fighting for 5 years in a heroic manner. This is a great experience.

I can mention the Saharan people who live in a real desert. How they struggle, what a brave people, so firm. There you have hundreds of thousands of Moroccan soldiers. They build walls, they invent a million tactics, they take sophisticated equipment, radar that can see a man moving. Despite this, their radar and walls are attacked. There are times when that type of equipment cannot distinguish between a man and a chicken. [laughter]

I do not want to speak about the tactics of the Saharans, but I want to say that all of the sophisticated weapons were used by the Vietnamese, the Algerians, who are a people who should be mentioned for their heroism in the struggle for independence against one of the most powerful armies in Europe. In desert areas, areas of difficult access, they persisted and won the battle. I spoke of the Soviets. We could speak of the Yugoslavs, directed by the Yugoslav Communists in organizing the resistance there. They held a great many German divisions in check.

Well, if we went a little further back, and looked at our own history, our mambises [Cuban 19th century independence fighters], 10 years struggling against the most powerful army in Europe at that time, because we were the Vietnam of the 19th century.

A population of 1 million inhabitants against 300,000 Spanish soldiers. Thousands of Cubans, barefoot, without clothes, without bullets, put the Spanish Army in check. Less than 15 years later in 1895, they started to fight again. They tried to start the war again, although the country had been left exhausted. Cuba was in a different situation than Algeria. In Algeria there were the people and the National Liberation Front. It was part of the people's struggle. In Yugoslavia, it was part of the people because they had some reactionaries and fascists who collaborated with the Germans.

In El Salvador, there is an internal struggle and several revolutionary organizations, while our country is a complete people of 10 million inhabitants, united, one party, and one Army, one mass structure, one government, in complete unity and without a bourgeoisie. Socialist property [applause], working people, peasant people, students of a country where your neighbors, the women, the children, are one compact unity with one doctrine: to defend their fatherland. [chuckles] Well, a people could be exterminated if they were attacked with 10 atomic bombs, but here not even one time when it could have been possible was any one very concerned about it. No one was scared; they was no panic. This means that we have acquired an extraordinary defensive potential and the participation of all the people. It has been demonstrated that all of this was accomplished during the past year. Our level of organization, all of the factories, the farms, the party, the mass organizations, the defense zones in each corner of the country -- in plains, in mountains, in the canefields, in the rice paddies, in the swamps, in the hilly areas, in the entire state, in the popular forces -- each municipality, and each province, are all organized and prepared. We are still preparing and will continue to do so. I said this when I spoke to the students. I only want to say that even if there was a socialist country in the United States we would have to be armed, keeping up our guard so that no one would be tempted to wander [andar]. Let there not be a cultural revolution within its socialism. In short, I do not want to become involved, but you all understand. [applause]

For the time being, this is a definite idea and we will not lower our guard. Even though the policies of our powerful capitalist, imperialist neighbor were to change to the extreme of becoming socialist, we will never abandon these ideas and concessions. We could coexist, if they want, and live in peace, in mutual respect. However, our people must always be guaranteed the right to exist as an independent country, as a just revolution. [applause]

Now, we feel more assured and confident due to this indestructible force we have created and which we intend to continue developing. Within this sphere, we will also introduce the principle of the optimum use of our resources: material, economic, energy, and so on.

We must continue to do this and simultaneously implement the principles of savings and the optimum use of resources in this sphere, as well as in all other areas. The companeros in the Ministry of the Revolutionary Armed Forces [Minfar], as well as in the Interior Ministry, have been analyzing and making very important contributions to this proposed plan and policy. They have made important contributions in savings within their field without experiencing any loss of strength.

Currently, what do we consider most important, of higher priority, and what things can wait? [Words indistinct] fortifications are a number one priority, while, based on the principle of optimization, material for educational and social programs can wait longer. Yet, you also see that the interntional crisis, the economic catastrophe the world is experiencing today, the intensification of the imperialist blockade against our country, and the maneuvers to reduce the price of sugar have led us to another profound revolution in the economic field [applause], in ideas and concepts. I must say that on this, as in the military field, we once said our people will struggle. But our people were not totally organized to fight, only in theory, because we were already thinking in terms of a war with the participation of all of the people but had not materialized the concept. In the economic field there were also some ideas and concepts. However, in reality, as I said, there was no collective awareness and spirit, and total determination to implement these ideas. This situation has led us to...[changes remark] and I think that it will have the same consequences it has had in defense: that the revolution of economic concepts will have the same results as the revolution of the defense concepts. The results will be seen in the long term, with long-term work. However, it is necessary for us to understand that this concept includes all of us, absolutely all of the people. We have fought the war of all the people and now we will fight the economic battle of all the people, the economic war of all the people. [applause]

This is clear. The concepts are clear; they are the same ones we presented at the energy forum in our speech for the students and we are emphasizing them today. We have reiterated them at this meeting. These ideas are already included in the plan. Moreover, great progress has been made in the preparation of the 1986-1990 plan, the forecast plan. The 1984 plan is in a very advanced state. We have come to the conclusion that we must immediately redraft the entire plan, the 1986, the 5-year plan, the forecast plan, on the basic idea that I enunciated at the energy forum.

Savings constitute our most immediate source of resources and are our best way of increasing our income. The aims -- there are three -- are to resolve the age-old problem of convertible foreign exchange; to deal with the debt problem -- as I explained earlier Cuba's convertible exchange debt is the lowest in Latin America -- and we fulfill our obligations abroad as we have done until today. Several days ago we commented that we are the only ones who can pay the debt and we are willing to pay. We are willing to pay and we can pay. The rest, in many cases...[changes remark] I really don't know what will happen.

We seek to guarantee the amount of convertible foreign exchange that the country needs to draw up plans in a rational way, complement our raw materials with those we bring from the socialist countries, import products from the socialist countries, and import what we need from covertible exchange regions, which represent approximately 15 to 17 percent, or 18 percent at the most. This varies according to how the plan is developing. We need that foreign exchange.

Naturally, for us who live under blockade conditions imposed by the United States, policy in that direction becomes more difficult to implement. At the present time they are even persecuting all of our trade operations. If we sell nickel to Italy, the U.S. Government sends a message saying it does not understand the move; if we send nickel to Japan or any other country in the world, an army of government officials are specifically devoted to the task of pressuring all Western governments so that they don't buy nickel from us.

However, not only do they pressure them, but also adopt measures and ban steel imports if the country has Cuban nickel, or ban imports of equipment if it contains Cuban nickel. They work to obstruct our sales of nickel with great detail. Not only do they exert political, diplomatic, and economic pressure, but also adopt measures against the move. The situation is the same if we sell rum in a country of if the country has any kind of relationship with Cuba. If we sell tobacco or anything else, they spend a great deal of time exerting pressure, attempting to prevent us from making a sale. Although this has been going on for many years, we have been able to sell. We don't sell more because we don't have more; if we did, we would sell it.

Naturally, since the United States is a very important, the most important market in the world, its threats and pressures include economic reprisals. That is an imperialistic tendency. We have seen that in the case of UNESCO. They threatened they would leave, claiming UNESCO is too politicized because it seeks to end the information monopoly that the transnationals have. Good gracious, for the best ideas that UNESCO has. It is an institution that has prestige and has made a great effort to promote education and culture in the Third World. However, the United States is really intent on finishing off UNESCO if it is not willing to subject itself to imperialist policy.

The United States threatened to leave and it is expected to leave by year's end. Since it contributes 25 percent of the organization's expense funds, this represents a serious threat to all UNESCO programs. However, the force of it lies in the proportion of the U.S. economic contribution to UNESCO. Afterward, the British Government said yes it would also leave next year. The conspiracy against UNESCO is coordinated. The FRG also said that it is thinking about [words indistinct]. The most astounding thing is that this morning I read a cable that said Singapore will withdraw from UNESCO. [crowd murmurs] This is a far-away city [corrects himself], a British colony, a current neocolony where transnational companies have also been installed. Singapore will withdraw from the UNESCO. Maybe we will hear from a duchy or an earldom. I hope Luxembourg does not withdraw from the UNESCO or the Republic of San Martin. What is its name? [unidenitfied voice says: San Marino] San Marino. I do not say this with contempt for any small country because to begin with, we are a small country. What I mean is if Singapore withdraws from UNESCO nothing will happen. [laughs] Absolutely nothing, even though I do not know how much it gives to UNESCO. However, if the United States says it will withdraw from the UNESCO -- my goodness!

I think that the UNESCO director has adopted a courageous, dignified, and firm attitude. He has been supported by the international community. I think that the vast majority of the Third World countries should support him; many industrialized countries should support him; revolutionary countries should support him; and socialist countries should support him so that he can withstand this onslaught, this conspiracy. I avail myself of the opportunity to extend to UNESCO and M'Bow our sympathy, our most decided support -- it could even be done in an official way through a message from our National Assembly. [applause]

We are Third World countries and our resources are limited. However, even if only symbolically, our modest contribution to UNESCO should be increased by 5 or 10 percent. [applause] This organization has supported the Third World countries' educational, cultural, and scientific efforts. The UNESCO director visited Havana not long ago. He supported the declaration of Havana as mankind's cultural heritage. He has made efforts to assist us. People like him who hold a positive stance should be encouraged.

Now, back to our topic. As I was saying, when it comes to exerting economic pressures the U.S. power is tremendous. That's why I mentioned UNESCO as an example.

If the increase in exports of marketable products is difficult for any Latin American country due to fiscal protectionism and other factors, it is more difficult for us. Let's be aware of that. However, I am fully convinced that we can win that battle provided our production is adequate. [applause]

Considering the types of products, our cigars have not been replaced by any others in the world. Imperialism took tobacco seeds from Pinar de Rio and made very effort to produce Cuban tobacco in Jamaica, Santo Domingo, Nicaragua, and wherever they could find a small island resembling Cuba. However, they have not succeeded in competing with Cuban cigars. It is well known the world over that if the tobacco under consideration isn't Cuban, then it isn't tobacco, so to speak. Something similar happens with French cognac. It has been said that if the cognac isn't French, then it isn't cognac. I am willing to admit that French cognac is good. However, the Bulgarians also manufacture a cognac of a certain quality, as do the Russians in the Caucasus and Armenia, as well as in Moravia. They manufacture real cognac. It's easier to make a good cognac than to equal the quality of Cuban tobacco. Nature has a hand in this. This is the result of the privileges with which nature endowed our island. The good quality tobacco that we produce breaks any and all U.S. blockades because while traveling, many Americans purchase small boxes of Cuban tobacco in Europe and other parts. Many Americans who work at the offices dealing with the blockade also smoke Cuban tobacco. [applause]

Despite the fact that they stole the label for our rum, we kept our rum and the manufacturing experience. Our experience has been so outstanding that we have begun to produce some whisky too. It has proved to be marketable, so much so that I have already beeen asked to export it. Let the Englishmen not be alarmed because we have no plans to ruin them with our whisky. This whisky is a national product and has found its own place in the market just as our books and the ammunition we manufacture at our new plant. There is a growing number of tourists visiting us.

In addition, many new products are now being exported. I will not mention these products one by one so as not to cooperate with those blocking us. There is a foreseeable market for these new products. This demands agreater effort on our part. We must maintain a high quality in order to remain competitive. Every manufactured product demands quality. We are also considering the factors that will determine quality. For this reason, there is a very real possibility that we can increase our revenues by increasing our exports of marketable products. We also have an excellent market that cannot be blocked by imperialists; that is, the domestic market. All that we can produce will save imports of marketable products. This market cannot be blocked.

We can save convertible exchange by another means; that is, the substitution of imports. We can save exchange by not spending it, even if we must spend 15-20 percent of the exchange value to purchase raw material for this particular area. We can also save money by importing less. Another way is to save fuel. Every drop of fuel that we save means cash not spent. In addition, we have plans to increase our oil production. We are making an important effort to raise this production to 2 million tons in 5 years. We are working hard in prospecting for oil and gas with some chance for success. But let's not count on this. Rather, let's think that we are like Japan, which has no oil.

Japan imports many raw materials. Natural resources are not the only assets that exist. They are important; they help. However, one thing has always been confirmed throughout the ages and more so in socialism; it has even been proven in capitalism: The important thing is man, the people. The source of wealth is within ourselves, in our intelligence, skill, efforts, discipline, and organizational capacity. We are a resource. Let's forget about gas and oil or miracles like those because it has been proven that having them does not resolve anything. We know of many oil-rich countries that are financially bankrupt and it becomes clear that oil is not the key to resolving the problem.

There are some oil-producing countries that have enormous debts: I believe our friends the Venezuelans owe approximately $35 billion more or less and I say more or less because in some countries it is very difficult to estimate the debt. The government owes, a company owes, private companies owe, transnationals owe, everyone owes money. When they get ready to negotiate their debts, one of their worst problems is knowing the actual amount of the debt. Therefore, there are indeed good prospects for Cuba. Even though it is harder for us to advance, this should not discourage us. Difficult tasks have never discouraged us.

Then, in the savings field, in the development of production for large-scale quality exports, and in the substitution of imports, we can do a great deal. We have already implemented a number of measures in this regard and will implement more, regardless of what persecution measures imperialism may take against us. We will thank them for helping us develop and revolutionize our concepts.

That is one aspect of the problem. I already mentioned the second one: We must fulfill our obligations with the socialist countries. We have no financial problems with the socialist countries, particularly with the USSR. They [United States] wanted to know how much we owe the USSR. Our debt with the USSR has no effect on this. We have never had financial difficulties with the USSR. They have always given us all kinds of privileges: they have renegotiated the debt, extended it, and postponed it without interest payments. That is no problem. They give us billions in credit every 5 years. They grant us increasing resources on credit. For example, we are building the refinery at Cienfuegos, finishing the Punta Gorda plant, making electrical installations at the Santa Clara mechanical factory, and working on the nuclear electricity plant, which will produce a savings of $500 million in oil when the four units are in operation. The second unit is in the planning stage and in the future the third unit will service Occidente. Soviets are cooperating with us in exploring for gas, oil, minerals, and in oil pipeline projects to transport the oil that they are producing. When that project produces 2 million [unit of measurement not given] that oil cannot be transported in open coconuts. We will have to begin using pipelines. Soviets are helping us build the super tanker port and there are a number of other economic goals. We receive all of the credit we need. We receive all of the financial assistance there is.

Based on a fundamental sense of honor and concern for Cuba's interests, and out of consideration, respect, and cooperation with the socialist community, which needs our products, we must simply and rigorously establish the sacred principle that we must fulfill our obligations with the socialist countries. [applause] If we have a bad sugar harvest because there are hurricanes, natural catastrophes, a drought, pests, or anything else, we cannot take sugar away from the USSR to sell it on the world market. If we need foreign exchange we must receive it some other way and not by the simplistic, comfortable, irresponsible procedure of taking away part of the Soviet people's sugar supply to sell it on the open market. That is not the way to solve the convertible foreign exchange problem. That is the second point we have enunciated.

The third problem is as important as the previous two or even more important. I am talking about our development programs. What should we do with the resources -- and we have many -- we have? What we receive from the USSR on a 5-year period including merchandise, freight, and credit totals approximately 20 billion rubles. That is what we receive in equipment, factories, fuel, wheat, foodstuffs, raw material, lumber, and steel: approximately 20 billion rubles. That is approximately what we will receive in the next 5-year period. That has been analyzed and discussed. There was an excellent CEMA meeting here. It was an excellent opportunity to review and earnestly discuss the problems and future outlook for relations between the socialist countries and for ourselves as part of that community. That is the great privilege of our revolution. How many Third World countries can say today that they have the honor of being part of the socialist community, of having unlimited markets there? It was always a struggle for Cuba and the Third World countries to find markets for their products. We now have markets open to us. The prices are excellent.

We have resolved the problem of exchange relations -- that terrible problem of unequal exchange that the Third World nations have with the industrialized capitalist states -- by trading with the socialist community. We have those resources and that privilege; a united people; a revolution; a cultural level higher than that of Third World nations and some industrialized states -- some European industrialized states have illiterates -- tens of thousands of technicians, engineers, doctors, teachers; on any given farm there are dozens of veterinarians, agronomists, and irrigation specialists; in the oil field we have geologists, I think we only have one; and hundreds of college graduates in all fields of endeavor. There are more than 240,000 students attending universities. Of these, close to 100,000 are full-time students. However, we have also always received the technical assistance that we have requested from the socialist area in any field: electricity, steel, agriculture, in any field. All of their technical know-how has always been placed at our disposal.

We can make the best use of these resources and possibilities. We can find final, strategic solutions to our economic and development problems. This is what we have been presenting. This is the task that we must carry out not in 1 year or a 5-year period, but in three 5-year periods at least. We must work hard in the 15 years that remain before the year 2000. We must work diligently, vigorously, and intelligently. This is what we considered approximately 1 month ago when we met to analyze these problems. The meeting included the Politburo, all companeros, the executive committee, vice president, all ministers, chiefs of the various party sections, and representatives of mass organizations. Our meeting, which lasted 3 days and more than 30 hours, was held on the 22d, 23d, and 24th of November. We made some decisions and expressed many ideas, most of which we will consider later. We have already adopted the first idea: the 1986 plan, which deals with what we must do in 1986 considering all of the data from 1984. A committee was created and began its work. This committee was presided over by Companeros Osmani and Humberto [Osmani Cienfuegos and Humberto Perez, vice presidents of the Council of Ministers]. All of the other vice presidents of the Council of Ministers, the ministers, and all party leaders participated in the meeting. They were assigned the task of working as if in an emergency, in a permanent meeting, in order to (?awaken) the leaders of the people's power in every province.

We finally completed the meeting, redrafting the plan with a clear mind, parcicularly in the areas of priority investments related to exports of marketable products. These investments ensure exports to the socialist countries. These investments represent important works for the population. Absolute priority is an economic objective. This is the policy we will follow regarding investments. Our immediate goals are to save fuel and materials. We also had to consider all inventories and a series of measures that were explained here this afternoon.

This work really bore fruit. First, it generated great enthusiasm and interest among all companeros. In this revolution of concepts, methods and ideas on how to draft, execute, and control plans have also been revolutionized. This control is to be exerted with the participation of all sectors of the economy and the government. This is a task for all of the government. This plan has also become a task for all of the government and the people. This plan must be for all of the people.

Another idea, spirit, or let's say, defect that was overcome is the fact that during all of these years in which we began our planning and development efforts, a sectorial spirit prevailed in all organizations and ministries. As a result of this, when our plan was drafted every year each organization defended its sector in relation to the planning organizations and tried to take advantage of the resources available. When you have so much in exchange because the educational, sugar, public health, and basic industry sectors each demand its share of attention. Each sector believed that its problems were the most important in the country.

While we admired the earnestness with which our companeros defended their respective areas, we forgot to apply a fundamental principle of socialism. Socialism does not only mean to nationalize plants, industry, lands, mines, and all of our resources, as well as our means to production. Socialism means coordinating and uniting the efforts of all and using the resources of the entire country with everyone pulling in the same direction rather than each pulling for himself. It is very difficult to make headway if everyone pulls in a different direction and we found out about this when we revised and reviewed the history of every plan in each year.

It is really difficult to wage an economic war with our limited resources. We completely abolished this idea, spirit, and style and agreed that we must have a single plan supported by all because the economy is the economy of all. For instance, the sugar industry has to become aware that its economy and its sphere of action was not the sugar area only, but the entire country's economy. A similar thing happened with agriculture, basic industry, and the food industry. All of these sectors must struggle for the country's economy.

The resources were to be distributed with this in mind in order to do not only what was good for an area, but also what was good for the country. In this spirit we worked and redrafted this plan and will draft the plan for 1986, the 5-year plan, and future ones. All of this will be carried out in this spirit, methodically, and developing all these basic ideas. We have devised this plan as the first result of our efforts. Is this plan perfect? No, because we still have not prepared the plan for the coming year. [as heard] Decisions had been made with an eye on the coming year with regard to some equipment purchases. For this reason, we rationalized the plan. We now have a full year to prepare a much better plan, a plan whose every detail will be carefully considered and with no strings attached. We have a full year to prepare the plan for the 5-year period and the other tasks.

Everything involves our goals, what we are doing right, what must be improved, organization, the steps to be taken within businesses, exports, duties, relations; in sum, the entire system and all mechanisms incorporated in our struggle.

In fact, all those industries were considered in the current year's plan. We have many industries; some are already finalized, others are in the process of being finalized. They could, by 1986, generate a significant amount of convertible foreign trade.

In keeping with that spirit, I said that we will work to draft better plans. The one presented today is in that line with this aim. I said that all the criteria explained here were followed. Each industrial investment in every industry was analyzed individually. One hundred and eighty-five of them are on one list.

What did we do? Among other things we reduced the 1985 construction plan by 320 million [as heard]. That represents approximately $70 million in saving in fuel and materials that could then be exported. We saved $70 million alone in products that we ceased to import. This is in the construction sector alone.

Now, no important project was sacrificed, none. Not even large-scale projects which represent long-term and costly investments were affected. Those projects continue including the electronuclear industry with all that it implies and the projects and imported material needed to set it up. We are still carrying out projects such as the oil refinery, Punta Gorda, (Cameun) [not further identified], and all other investments that we are carrying out in conjunction with the USSR. There are also all the investments that generate convertible currency.

The main social projects are being carried out. Some of them were mentioned here, including electrosurgery, children's cardiovascular surgery, and the related programs. In my opinion, the fact that 1 out of every 100 children are born with congenital heart defects is very important. Out of every 150,000 or 160,000 newborn babies, 1,600 are affected.

Based on his international experience, a very qualified Czechoslovak specialist told me that unless those newborns receive special medical treatment, 80 percent would die during their first year of life. A large number of the others might die later. We are setting up cardiovascular treatment for adults and also for children in the William Soler Center, the main center for this type of treatment.

This measure should help reduce infant mortality. However, do not think that it is easy to reduce infant mortality from our current level. These are very special cases. However, I believe that such medical treatment could roughly reduce mortality by an estimated 3 percent. If we reduce the rate to 15 percent through other means, we could also reduce the percentage through prenatal genetics which we are already implementing.

We continue to reduce the mortality rate. Each additional point will be very difficult to achieve. It is said that we will apparently reduce it to 15 percent; we could possibly settle for a small fraction under or over, but Pinar del Rio is at 13.7. It is the Cinderella province. Others are around 13 percent. We have to find out what areas have the highest percentages; this is a challenge. This is the beauty of this and all other struggles.

Well, this is a very important social program. This concerns all families in this country; it concerns all the people. I believe that it is more important than any other project. Well, I believe that they are all important. I will not single out any as an example. Let us say that the cardiovascular center, this service that we are establishing, is more important than a recreation center.

In the same vein, research centers, health projects, also have a great deal of importance. The medical school program and its implications are important. Also important is the development of the university's technical school. Our goal is to have a student body of 50,000 in that school. Experts in electronics, computers, science, and all kinds of engineers will be trained. They will constitute new personnel; we are creating wealth. The program indicates great benefits for our society.

Now, if we have to sacrifice one of those projects to satisfy our main goal of promoting investments, generating foreign exchange, we would have to sacrifice it. It has to be that way. Of course, we knew that all our resources had been targeted for one, two, three, and four different sectors. Those sectors had absolute priority.

Well, a certain percent of investment goes to those sectors, while other investment goes to fulfill socialist objectives. More than 40 percent of investments are targeted to these two aspects. However, there is a substantial amount left to take care of those having high social consequences and to carry out other plans including housing plans.

There is a housing plan involving approximately 19,000 houses. This effort, added to plans implemented by other organizations through their own efforts, could lead to the construction of 35,000 houses. This shows what the people can do for themselves; this could lead to 75,000 houses. This is not a bad small housing program. You must keep these details in mind.

There are many social programs that could benefit...[changes remark] We have seen that we have had to rationalize resources; we had to reduce them by 320 million. [as heard] We like and are interested in some projects, but they must wait.

I told my companeros at the Central Committee that we all like certain projects, all of us. No one here is without a favorite project. I like some of them myself. Many of them are related to education, health, research centers and even sports. We would like to improve sports, build more pools for our athletes, and improve swimming.

We have said it and this is it. No one owns any work here. There is no room for any kind of subjectivism, everything must follow this criteria. I began by giving up the ones I defended. However, when I inquired about a particular center, I was told that it was still there. The same thing happened with several others, while some were gone. Therefore, I said: I am very interested in the pediatrics hospitals in Tunas, Ciego, Sancti Spiritus, and those in east Havana. I recalled that the idea arose with the dengue, due to the problems faced by those installations. Although the projects had begun, I said, there is no rush. If necessary, we will wait 1, 2 or 3 years for their completion because these works are just beginning. I am very interested in finishing these hospitals because they are part of a very good project. They are going to be much better than the ones we now have because many of our pediatrics hospitals were transformed for this purpose. However, we will wait.

Among the investigation centers, as I said, there are some that I consider fundamental, such as the investigation center for genetic energy [as heard] and biotechnology which is an area of enormous perspectives. We have made progress on this and our center is being built at full speed. This project is of great social, political, economic, and scientific importance. We reviewed each project one by one and determined which already had the necessary equipment. In this way, we prepared a plan based on this criteria. All of our investments...[changes remark] Although I cannot say everything was perfect, since we may have left out something that might have been more important than another, I think that we achieved a lot in such a short time. I think things will be even better next year. I also think that if we continue to work in this manner, with the work force we have, with the country's resources, and with the materials we produce, we will be able to give attention to all fields. By giving attention to priorities, we can continue with our social programs. In the social field, we have a goal to double registration in primary schools. To achieve this, we have assigned funds to Santiago, Tunas, (Olguin), Granma, [words indistinct]. I think that we can continue giving them our help. If we work correctly, there will be enough for all. However, we must understand that we cannot take stones, cement, sand, and so on from one project to be used in another. I must prevent any expression of anarchy or chaos, and develop a strict program. Everyone knows this. There will be possibilities, as we said, of doing something.

Growing flowers does not require foreign exchange. I mean that if we must improve the green areas that belong to the people's power; for example, and there will be many other things too, if it can be done without violating the principles we have established here it can be done. This does not mean tying hands. It means rationing and, of course, total discipline and that each work, each investment must be planned and analyzed. During this first phase, it is very important that decisions be centralized. Works at all levels must be analyzed in order to determine if they clash, particularly those that are carried out by the people's power. It is easier when it comes to the works carried out by the Construction Ministry becuase we know exactly which ones they are and where they are located. Therefore, we can decide the ones that will go, the ones that will not. and where we will concentrate more efforts. The construction carried out by the people's power is more autonomous. Thus, it is necessary that these groups make decisions in close coordination with the central group and that each time they plan an investment they ask themselves: Should we go ahead? Are there any doubts? Then, they should consult and find out how much must be spent in cement and wood in order to comply with these principles. What I mean is that there is a lot that can be done based on the country's development of the construction field and materials. Some works do not require much fuel, transport expenses, and the like.

This is the criteria used to develop the plan for 1986. I am sure that it will cover all of our needs. There might be things that you expect to have right now and that we would like to have right now but that we cannot build right now. However, perhaps in 10-15 years we may be able to build many more works. This will never be possible if we continue on this pattern. We are going to put aside some of our current desires and aspirations, but we are going to multiply our capacity to do things in the future, which will be much better, more stimulating, and more encouraging than the ones we can do now. We are going to multiply our capacity. Then, with solid foundations based on solid plans, on a solid economy...[sentence incomplete]

These are some of the ideas, so to speak. I have taken this opportunity to go into details in order to inform the population because this will be a battle for all. Some of the savings measures are strong. In two words, the plan increased 7.4 [percent] and it will grow between 4 and 5 percent. I repeat: The percentages are not important. What we must find out and analyze in the Assembly next year and everywhere is the fields in which we are growing and what the 5 percent means. The savings measures are always strong. Although the 1985 plan is 4 to 5 percent larger than this year's, we must work with less fuel and less electricity. This is how it has been planned. We will even have 0.1 percent less fuel oil [preceding two words in English] to produce electricity than in 1983. We will have less diesel [preceding word in English] and gasoline than in 1984. There will be less fuel of all kinds than in 1984. Our companeros, particularly the companeros in the sugar industry, know how to save fuel. They starting by saving approximately $500,000 in crude production. This year they will save considerable sums in the sugar industry and other areas by storing sugarcane residue [bagazo] and using it as fuel.

The situation is tense. The goals are tense and they demand effort and real savings. We must not look at how much others save, but how much each one of us can save. In some cases it is not easy, as a worker who received a prize during the energy forum said. He noted that he had saved a number of tons of fuel at the Santiago de Cuba sugar mill, if I am not mistaken. He said: I saved a lot, but only after saving large amounts and after a previous large savings. He meant to say that it is becoming more and more difficult to save 1 ton. In other words, we must establish savings levels.

Another established principle, and we fought for this, is that we must solve the problem without affecting the population, the levels of our population. In other words, we must [words indistinct] without affecting the things that the population already has. The plan has been based on this. Some gratuities have been mentioned here that can contribute to savings, as well as some for social consumption, such as cigars, tobacco, and that kind of thing. This is convenient because they are exportable funds and also a savings in social consumption. Some levels are maintained, while others are increased in some areas, and certain productions. Consumption increases in some areas and the rest remain the same. I told the students at the energy forum that we must work with what we have. We must not think about increasing what we have in the personal and social aspects. Inevitably, there will always be something, but this does not have... [changes remark] The important thing is for us to solve the fundamental strategic problems in the next 15 years.

Ah, if we were in Haiti it would be hard to tell the population we must make do with what we have. The same situation would occur in many other parts of Latin America where people are dying from hunger, facing unemployment, and poverty; where children are begging on the streets; where there is illiteracy, sickness, and a high child mortality rate; and where people lack everything. It would be hard to tell them you must hold on. I really must ask myself if this policy is something unbearable or impossible for us.

This is why I told the youth: You must be the champions of these ideas and strategies because this is the world we will bequeath to you.

This generation will bequeath this world to today's students, who will be 30, 32, 35 [years of age] and to today's Federation of Intermediate Level Students [FEEM]. With the expected life span, by the year 2000 they will have lived less than half of their expected existence. They are the ones that must look out for the world they will receive or the world we will build because this is something for all youth, for all those under 25 years of age, for all those under 30 years of age. Therefore, there are two problems. Our generation has a responsibility to the future generation and that problem is what kind of country will we give them within a world that is already complicated, a world that has many problems to be resolved. We must decide what kind of a country we will bequeath to them in the next 15 years.

The youths also have a problem to face: What kind of a country will we have in the year 2000? What kind of a country will we struggle for? Because that country will be their country, their resources, their economic, technical, scientific, and material possibilities. It is their duty and our responsibility. For this reason, I believe that the youth must be the champions. We will also struggle because it is our responsibility. It will be difficult, but luckily, those calamities faced by other countries are calamities that we have already resolved. The truth is that in these past few years we have put forth many efforts and resources to resolve those problems. How did we do it? It could have been the other way around. We could have put forth everything to resolve the problem of development and then face our problems. Well, we had international solidarity; we had the cooperation of the socialist countries. For us the path of revolution was not so full of sacrifice and we were able to use many of our resources from the very first moment. We began with the defense of the homeland, the literacy campaign, the rural hospitals, the struggle against unemployment, the beginning of a reforestation plan, sending teachers to every corner of the country and to every province, sending doctors all over the country. We began to develop sports and cultural activities, and the great social reforms were made.

The first urban reform -- today's urban reform means nothing and economically it does not affect us in the least -- the urban reform we made in 1959 put tens of millions of pesos into circulation. It liberated, it took, those funds from the bourgeois but they went to the people. Today's urban reform does not involve an immediate increase in the circulation of funds. Agrarian reform released the peasants from the payment of rent and even taxes. It also released tens of millions that were put into circulation in all the country's survival. The country showed its capacity to survive, to begin its socialist development. In the first few years we advanced very little in the economic area. We could not advance, but many many problems were resolved. There were possibilities for an education for everyone and possibilities for a job for everyone. Unemployment was eradicated. The scourge of mendicancy, prostitution, gambling, and drugs all disappeared. We were able to provide health services and education to all the people. We resolved very important problems. We were able to increase social security which was something that did not exist.

When the revolution triumphed, we found that all of these funds had been embezzled. There were some retired sugar workers who were receiving 6 pesos. We extended social security services to include the whole country and today we invest almost 1 billion [currency not specified] per year in social security. We advanced; we learned from experiences; the revolution became strong and was institutionalized; we drafted our Constitution; we formed our people's power. This was an enormous advance; we corrected mistakes; we adopted correct economic policies and correct methods of direction; we adopted the socialist formula of equal work, well, not equal work, each one does his own work. At some moment we overcame that reality, that unavoidable process that was very costly economically. We held our first party congress and we made our plans.

In these past 10 years we have advanced considerably, the people's power have demonstrated their power and their strength not only in the area of attention to the people, development, and the solution of the country's problems, but also in the military area. In other words, we have been constantly advancing. Sometimes the advance has been slow and at other times at a faster pace until these past few years which have been a culmination. We gathered experience and wisdom from the revolution, from the party, from the cadres, and from the two great revolutions, which have been in the defense and economic areas. We have done this with tremendous resources, with great social advances. We can see this when we hear of the number of children who are attending school -- more than 90 percent of the children between the ages of 6 and 16 are attending schools, more than 240,000 students are attending universities. We have 256,000 or 258,000 professors and teachers, 20,500 doctors, tens of thousands of engineers and architects, hundreds of thousands of technicians formed by the revolution. We have an organized party with experienced leaders; we have powerful, enthusiastic, and revolutionary youth, proven by the youth and the students we have. Well, these are enormous forces. Properly used, these forces can set any goal and achieve it.

With what they have, I believe that our people can make such a decision and devote it to development, to a strategic and intelligent development as a basic move. We will continue to improve.

The situation regarding the health sector and doctors was discussed here. Where are we lacking? Let's take a look at the serious problems that we are going to face. In 1983 we had 1 doctor for every 526 inhabitants. In 1984 we now have 1 for every 486 inhabitants. In the coming year, with all of this effort and rational policies, and with this austerity plan that I have outlined, we will have 1 doctor for every 445 inhabitants. Soon, we will have 1 for less than every 400 inhabitants. Doctors are branching out; this year more than 200 went into community medicine. Next year 2,400 or 2,500 doctors are going to graduate, and 500 of them will go into community medicine.

Look at all the possibilities that lie ahead and these doctors do not cost a cent. They are going to tend and provide security for the people. These doctors' (?task) will be to struggle to reduce the infant mortality rate and the mortality rate of toddlers, as well as to struggle to prolong the lives of adults. They have shown us that they are working; they have demonstrated extraordinary experience and potential for the future.

In the education sector, the first primary schoolteachers that specialized in first grade education are beginning to graduate. Ways are being studied to improve the universities, the methods for enrollment, and so forth. We have talked about this in Central Committee meetings and also about cultural matters.

Our newspapers are already included in our investments. We have acquired excellent modern equipment to print and distribute newspapers in the center of the country and in the eastern sector of the country. The plan that I am proposing does not mean that we must become stagnant in the social sector or anything like that. With what we have created and what we have amassed we can advance a great deal; but, above all, in terms of quality.

I have no doubt that year after year we will remain vigilant and reduce the infant mortality rate further, even if it is only a fraction of a percent. We will continue to lengthen our people's life expectancy rate and provide them with better conditions for health, education, culture, recreation, sports, and even with more material things, although this is not the focus of our efforts. The philosophy behind this strategy is to give priority to these other things above all. Once we have given priority to and have used up all of these resources, then we will look into distributing the other things in the manner that will be most convenient and beneficial for our people.

This is what it is all about: solving our problems in the best social manner, better than any other Third World country, and better than any other Latin American country. We have a clear path ahead of us; a sure path that is closely linked to the socialist community and to the Soviet Union.

This is the future; let no one doubt this. Socialism is the future. The imperialists and the reactionaries are waging an increasingly larger campaign. They say that socialism has problems, that it is experiencing a crisis. However, the ones who are experiencing problems and facing a real crisis are the capitalists. I have been hearing about capitalist plans. Here, we can now analyze how many doctors we are going to have in the year 2000, in the year 1990, in 1995 -- how many doctors, teachers, and professors we are going to have; how many specialists in the cultural field, engineers, technicians and skilled workers we are going to have.

In turn, the capitalists are estimating how many unemployed persons they are going to have in 1990. They are estimating figures for unemployment in this and that country in 1985, 1986, 1990. And the curious thing, the amazing thing about this is that they have even planned their unemployment for the future. They are also able to project figures for their debt and I believe that they can also do so for their social problems. They can predict [chuckles] what problems they are going to have in the year 2000, and what is going to become of the Third World and Latin America with their vast unresolved problems.

I believe that we have a very large duty and responsibility in the economic sector. We must sharpen our economic awareness and not allow ourselves to become lulled by the glory and the victories that we have achieved in many areas. We must bear in mind that in the economic sphere our cadres, our people in general, have all had one goal, one idea. We knew what was needed in all sectors when the revolution came to power. We knew that employment was needed for everyone -- employment for everyone; that we needed 20,000 teachers -- 20,000 teachers; that we needed a certain number of doctors, a certain number of doctors [repeats himself]; that we needed a certain number of tractors and a certain number of buses for public transportation; and that we needed this much of this and this much of that.

We have spent 25 years listening to all of our companeros talk about the things that we need and asking for the things that we need. But the most incredible thing of all, we saw them receive the things that they needed during these 25 years. The education sector received all that it needed, as well as the public health and cultural sectors, the universities, the schools, the newspapers, and the scientific sector.

The sports sector received what it needed, as did the social security sector. They would say I have a certain number of people in line for retirement and I am going to need 150 million [currency not specified]. Another sector needed 300 million [currency not specified]. A certain amount was needed by the sports sector for sports installations; a certain amount for waterworks and sewers, water for the people, for roads, for highways, etc. Here, I am not talking about economic development but about social needs.

This was the situation before the people's government and also with the people's government. We have had 9 or maybe 8 years of the people's government now. I would like to ask all of you a question: Has any province or municipality ever been denied the funds they asked for in their annual budget requests to pay doctors, teachers, or nurses?

I believe that before the triumph of the revolution, there were approximately 800 nurses in Cuba. Today, we have 35,000 nurses and we have another 30,000 or more middle-level health technicians [tecnicos medio de la salud].

We have approximately 650,000 workers in the areas of education and health, in these two areas alone. I have almost lost count of the budgets, but they are somewhere in the area of 2 billion [currency not specified] or more. They have always received all the funds that they requested for these services. We could have seen a case where they did not have a certain piece of equipment because this type of equipment did not exist, but they had as much money as they requested. They had funds for day care centers, for cultural plans, and for all that was beautiful, good, and noble. No one ever lacked these funds. If they experienced transportation problems or some other kind of problem, they were resolved. That is the truth.

Yet, in these past 25 years I have never heard anyone ask where this money came from. Where did these funds come from? What mystery, what miracle, or as the Central Committee said, what kind of an Aladin's lamp can give everything that is requested. These means that all the provinces, municipalities, and all the organizations that want to add a sixth grade, have more teachers or 80,000 cultural groups, 1 million pioneers or school lunch halls, boarding schools, scholarships, or university facilities. I believe that there are currently 50,000 scholarships being funded, when the revolution began, we could fund none. When the revolution began, we did not have boarding schools, but only a small school for orphans. We did have a welfare assistance school and some rural civic institutes. However, today we have more than 1 million students who have lunch at school; some not only have lunch but also breakfast. We have more than 1 million studying on scholarships. This country had practically no labor lunch halls. In the many service centers, production centers, and farms, how many labor lunch halls do we have today? How many workers have lunch at their job centers? Many. We have done all of this over these years. We must realize that everything that everyone asked for was possible. The miracle was possible and this has been the truth. Yet, no one ever asked himself the source of this money.

I am going to give the source. The funds were possible partly because of the efforts of our people. The funds, those that allowed us to make these advances and resolve our problems, came from international solidarity, the solidarity of the socialist area and particularly from the USSR. That is the truth. They paid us a price for our sugar, nickel, and other products. They gave us credits. They have always fulfilled their commitments to us even though we were not able to fulfill our commitments to them on several occasions. We were not able to fulfill our commitments because of a damaged crop or because our production goal was not achieved. We have this experience. We have put forth our best efforts to achieve a high production. We set our goals to produce 10 million tons of sugar when the price of sugar was set at 6 cents because we wanted to buy the things we needed from the socialist area. But, we were not able to meet our goal of 10 million tons and we were not able to meet the sugar quota as established in the plan. Nevertheless, we received all of the products that they had promised to export to Cuba. Then came the rust and this also affected our production. Yet, it was in 1970 that our sugar production dropped. We experienced the rust and other situations.

However, what I wish to state is that none of these things affected us directly. None of the problems we experienced -- if we did not meet a quota, if we had some plague, drought, any kind of objective or subjective problem -- had an effect on the amount invested in education, public health, culture, or social programs. These expenses grew every year and all continued to be carried out throughout these 26 years. It is true that this has been a privilege, but I also think that it was because of us. All was solved, all was secure, and no one ever asked about increasing our exports to the socialist countries or increasing our exports to the convertible area. Each one drafted his plans and make his requests but never asked whether, if production increased, could exports also be increased. That is the truth. This basic custom is another thing that must be eradicated with this revolution of economic concepts that I have been discussing. We have enough maturity, experience, and wisdom to understand this and by asking and discussing things with responsibility this can be done by showing interest in whether the price of sugar has gone up or down and whether this is good or bad.

Even when the price of sugar dropped, none of these plans was affected. Of all the plans I mentioned, none was affected. Our people never suffered the consequences of any of these situations. Because of its seriousness, our country was granted credits and on many occasions, under situations such as this when the price of sugar dropped, the level of credits was increased. This is a matter we must study well; it must be done by the members of the assembly, all of the alternate members; and the people because I know that you are constantly asking for things: When will this street be repaired? When will water be received here? How can this be solved? You will have to educate the voters and explain to them what can and cannot be done.

I am going to mention an example. Before the November meeting and before we drafted this entire plan, do you have any idea of the budget increases requested by the organizations and the people's power? They amounted to more than 600 million pesos. No one asked whether the price of sugar had dropped or whether exports had increased; Instead, following their 26-year-old custom, they went to the Finance Ministry and requested approximately 650 million additional pesos to spend in 1985, above what had been spent in 1984. In other words, they have asked to spend in a year what the entire Republic of Cuba spent in 1958, the year before the revolution. The rate of requests for yearly spending equals what the Republic of Cuba spent prior to the triumph. However, I know that these funds will be spent on noble purposes, very noble because I know that in the hearts and minds of each of the companeros there are thousands of things they wish for the people and that they dream of seeing fulfilled.

Well, 389 million [currency not specified] was cut from what we requested. Budgeted expenditures were going to grow between 8 and 9 (?percent). The amount we requested was reduced and now it is being further reduced to less than 5 percent.

Very well, when one analyzes this, one realizes that no one is unemployed, no one is adversely affected, and no specific area is adversely affected. The budget for public health was increased by 8 percent and education by 5 to 6 percent. The budget was also increased for culture, and for higher education at the university it increased by 10 percent. There were increases in almost all areas except sports, as we said yesterday. This is not due to any particular reason, but to last year's expenditures to stage some sports events.

All fields expanded; nevertheless, 389 million [currency not specified] was cut from the requested amount. The actual increase was 240 million [currency not specified] This is a good example of the rationalization process. When all of our companeros of the people's power analyzed all resources in the budget, which by the way, was done in a way that offered great help to the central group, they all marveled at how services cold be maintained, even improved, and how plans could be followed despite only having the 240 million [currency not specified] assigned.

There is an interesting fact about our 1985 plan. The initial construction plan was reduced by 220 million pesos, but curiously enough production, stones, sand, and construction materials increased. What does this represent? A great thing: The people are receiving the same materials they were given in 1984, the delivery of materials has increased, and there is more available materials. Believe me, that stone and sand is not for exporting. It is for domestic consumption.

What happened in Havana previously? When construction was taking place, workers often stood still because there was not enough stone and sand, production dropped, important projects were delayed. We have now increased the production plan and reduced the construction plan. We have increased material supply. What does this mean? That the workers will be much more productive because we know that many projects have stopped and that productivity is therefore low because there are no materials.

This construction plan which I am speaking about is a giant step toward rationalization and production, above all toward production. This is what it is all about and we plan to continue perfecting this. We want to study plans in the area of fishery and increase production in the area of fishery. Above all, plans for the artificial breeding of certain species that should generate imports [as heard], important amounts of imports [as heard] in relatively few years; that is, exports in relatively few years. Let us find out what must be done and what must be moved in that area. We must calmly analyze whether we can take something from what has been accumulated here from work which is not of great importance and put it to use in another area. Work on this. We are going to follow a rationalization effort in this whole area. The workers will not be affected by this change in plans. It will prove, and we are already proving, that our potential is the north, that we have great possibilities, and that we can still save a lot although it is true that in the past few years we have been saving. I feel that an example of this effort has been the sugar industry and the sugar industry workers. Some could say that they are also the examples of spenders of oil, but I do not think that many people can accuse others of spending too much and of not saving enough because in the area of agriculture we have spent quite a lot, as we have done in construction. I can remember instances when we had to adopt measures because the driver would not only drive away with the truck -- this is quite common and no one knows how much fuel is used when this happens because there is no control of the vehicles and equipment -- but also with a tractor trailer [laughter]; instances when the driver was seen driving down 5th Avenue in the tractor trailer going home to sleep or to visit his girlfriend. We are not against him visiting his girlfriend, but we are against those visits being made in a tractor trailer. He probably did not take the bulldozer [preceding word in English] because it would take him too long to get there. [laughter] There was a lack of control and weaknesses, but much of this has been overcome. I still remember those days.

In the country, our agricultural industry also requested tractors. How many? Many, as many as they wanted. This is why we ended up having so many, approximately 80,000 more or less, between the sugar industry and others. We have heard that many times a tractor, with a 25-pound load and three men on it, traveled 10 km on the road wasting fuel, damaging the tires, and so on. We know it; you know it; we all know it. We have struggled against this but we must also say that we cannot state that we have saved; we cannot say that during these 25 years we have put all of our resources to their best use. No, we cannot say it. It is true that we had our learning process, but the fact that I explained, the fact that we have always had everything without asking the source, has created a spending mentality, created a mentality of not saving too much, and created a consuming rather than exporting mentality. It created a consuming rather than a producing mentality, an import rather than export mentality. I need this and that. That is the truth.

We have done many good things and I feel that we have had much success in many areas. The country is full of roads, highways, dams, and schools, 500 rural schools. We have excellent schools such as the vocational schools in every capital of each province, and the physical education, sports, pre-university, technological, secondary, and military schools. Now, we have the pre-military schools to train the boys that will graduate at those schools. We have thousands of doctors, and teachers who are excellent people with an excellent spirit. We cannot overlook the many pages of courage, heroism, and determination written by our people during these years and their internationalist spirit and determination. I am sure that even the enemy must be impressed by our people's determination because when they threatened us we did not tremble or hesitate, not here or any place else. We did not become nervous, soften, or grant any concessions, even though we knew that they were threatening us with destruction, with annihilation.

We remained calm and we were able to face the situation and to prepare ourselves, organize, and develop this enormous strength. Many virtues were involved here. In pointing this out, I am not denying in the least the extraordinary virtue displayed by our people and by our cadres, but I cannot say that they have been excellent administrators or that they have known how to save. To the contrary, I must say that we have spent a lot, although we have accomplished excellent things. In cement works, for example, we have invested in factories, businesses, roads, schools, and hospitals, in the economic and social development of our country.

This was excellent, but I believe that if we had invested these resources in the best possible way we could have done much more. I believe that if we knew at that time what we know today, if we had had more experience, and if we had had these concepts before, we could have done much more. In reality, we learned many things as we went along and we have just discovered some. In reality, the enemy has actually helped us, both in defense and in the economic sector. With its blockade, with the increasing severity of its blockade, and with its crisis, which is a crisis of its system [words indistinct] to think a little, and will come to realize that they are facing unsolvable problems. But, we must thank them, we must give them thanks because with what we have now, the strength, the experience, and the organization we can see what must be done in the next 15 years.

Twenty-six years have already passed. The first few years were very difficult; there wasn't even time to sit down and think about the people. We have become stronger. We have increased national security. We will observe what is going on in the world. I spoke to the students about this. We explained our attitude and the importance that we gave to the need to bring about a climate of peace and detente in the world, which is a vital need. We have a lot of hope for development and progress. We have already achieved a lot of goals that other countries have set for themselves in the social sector over the next 20 or 30 years.

We have seen health plans for the year 2000 at the United Nations and these world health plans for the year 2000 are below the goals that we have already achieved. There are goals for the year 2000 in the education sector. If they want to they can even make plans for the year 2020 in the education sector because our educational achievements are already higher than those that the world will obtain in the year 2020, if it obtains them, that is. Unless, of course, a social and revolutionary miracle occurs. At their current pace, however, they can set their sights for the year 2020. This is the reality.

What can we do in the next 15 years? What we have done in these past 26 years can be overshadowed by what we have already done. [sentence as heard] When we measure what we can do, not in terms of quantity, but in the quality of what we do and the good sense and good direction of what we do, in terms of quality we can make sure that the next 15 years will be much more productive than the 26 years that have already passed. I am sure of this. There is a large multiplication factor involved. We have accumulated human and intellectual resources here and, in the same manner in which we have not employed our economic resources in the best possible fashion, neither have we employed our human resources in the best possible fashion. We have also discussed this at the Central Committee level, and we have not employed them in the best possible fashion. This is not our primary concern. What we are concerned about now is producing several types of raw materials.

What I have said at times, however, is that if a service center can be run with 1,000 workers, why should we employ 1,500 instead? This is 500 more which means mess halls for 500 more, rations for 500 more, transportation for 500 more, housing for 500 more, and salaries for 500 more workers.

When we make a thorough analysis of how we employ our human resources, we will find that that there is an enormous reserve. There is no hurry about this, though, it will come in due time. It takes time to transfer from one activity to another and we do not want anyone to be left without a job.

Nevertheless, I believe that in the next 15 years we can transfer many human resources from nonproductive areas. If there are 25 workers in one place and 10 of them are excess, wouldn't it be better to transfer those 10, who are not selling anything, to some other productive job such as a doctor in the community, helping to build homes, or filling a vacancy in the services sector, all of these are productive activities? We have an enormous reserve of human resources if we can transfer them to productive areas.

However, this is not an immediate task, it must be studied first. We must look at it in depth; but, I repeat, the reserves are vast. I believe that in the next 15 years we can do the job with much better quality than that which we have obtained thus far, making rational efforts, making optimum use of our human and material resources. This is a duty not only to our country, but to the world, to the socialist movement, and to socialism because, I repeat, socialism has possibilities that capitalism will never have. Socialism works. It has difficulties, but will undoubtedly overcome them in the future. Now, we cannot say that it will be in the year 1990, 1995, or 2000, but the capitalist system will not be able to achieve this. The capitalist system is experiencing a crisis. It will have to philosophize; it will have to ask itself if its system can survive for much longer and if the world can survive with this system that has been imposed on the Third World.

In view of those who are quick to slander and speak about a crisis in socialism, I cited some figures at a central committee meeting that I would like to mention here in closing.

In 1981, 31 years after 1950, the Soviet Union, in 30 years after the war, came to produce the same amount that the entire world produced 31 years earlier. In 1950, for example, energy production in billions of kilowatts per hour was 988 kilowatts [as heard] in the whole world. In 1981 the USSR alone produced 1.326 billion kilowatts, and 4 [as heard] years have passed since then.

Regarding petroleum, including liquid gas, in 1950 the entire world produced 521 million [tons]. In 1981, the USSR alone produce 608.8 million tons. In 1950 the entire world produced 191 billion cubic meters of natural gas. In 1981 the USSR produced 434 billion cubic meters.

Regarding synthetic resins and plastics, in 1950 the entire world produced 1.6 [unit of measurement not specified]. In 1981 the USSR produced 4.1 [unit of measurement not specified].

As for mineral fertilizers with 100 percent of the nutrients removed, in 1950 the entire world produced 15 million [unit of measurement not specified]. In 1981 the USSR alone produced 26 million [unit of measurement not specified].

As for cement, in 1950 the entire world produced 134 million [unit of measurement not specified]... In 1981 the USSR alone produced 127.2 [unit of measurement not specified].

In the Western world and in the whole world, the United States was considered the main industrial power. Europe was more industrialized and less destroyed, and the USSR was destroyed with 20 million dead and who knows how many wounded and invalids. In 30 years, in 31 years that country has managed to produce as much as the rest of the world produced 30 or 31 years before.

What was the USSR's situation after the war? In 1945? I ask myself whether a society or a people has ever done something like this. However, is that all the USSR or its people have done? I feel that on an occasion such as this one it is appropriate, for our revolutionary learning, to deepen our revolutionary awareness, and to understand the reality, to remember how the Soviets made their revolution. They did not have one of the most industrialized countries, quite the contrary. Germany, the UK, France, the United States, and many other countries were above the USSR when World War I erupted. World war, destruction, the October revolution, intervention, that enormous country was in pieces and part of it was occupied but they resisted amid hunger and very difficult conditions and they won. They began the construction of socialism in 1920, 1921, or 1922. They began to try and recover the rate of production they had before the war. This they did with help from no one; no one at all. They did it on their own, exporting the wheat they had and needed to feed themselves in this situation of hunger. They exported their wheat to pay for machinery and some equipment. This is something that everyone knows and that no one can deny. They exported the cotton they needed to dress and the leather they needed to make their shoes. This they did many times.

Under these difficult conditions and without help from anyone they began the construction of socialism. Their first 5-year plan came in 1928. In 15 years and with much sacrifice and without anyone's help, they industrialized the country. The first 5 years had not ended before fascist Germany invaded her and destroyed tens of thousands of towns, thousands of cities, and factories. Amid the war they were able to transfer industrial areas, reorganize production, promote production, and develop their equipment. The Western world, exaggerating as usual, gave them some aid with raw materials.

But it was the Soviet industry that produced all of the weapons, tanks, and cannons. And the country, once again destroyed -- in less than 20 years that country was destroyed twice -- and amid that tremendous and inhuman destruction only a country like the USSR could resist the fascist hordes and defeat the fascist hordes. Despite the surprise attack, and it was a surprise attack, we could -- if we wanted to because it was a surprise attack -- analyze the mistakes made, but we are not interested in this. We are interested in analyzing what happened, the aggression, the losses, the casualties, and the destruction. Then, in 31 years, they were capable of reaching a level of production equal to that of the whole world in 1950. I challenge the capitalists to find a similar example in any other era in a capitalist country. Not only that, the USSR also fought against illiteracy, unhealthiness, and they did all of this with their own efforts and resources.

It is good to remember this because we had the privilege of having a socialist area to help us economically. When we needed oil, we received oil; when everyone refused to sell us a single bullet, they sent us weapons. Today, we are not only making social works, but we have also built projects like the electronuclear plants, the new refinery, and industries that cost hundreds of millions of pesos. We had a great privilege. We did not have to pay the price of sacrifice that the Soviets had to pay and that is the truth. We were even able to allow ourselves the luxury, unaware of course, of spending without worrying a lot about our material resources, such as fuel. Today we are aware of all this within the party, the party directorate, and the government, as well as among the National Assembly companeros and I feel, among all of the people. For this reason, I have expanded on this and I have gone into details, explaining things with the same sincerity with which I have always explained them, with the same trust in (?my) moral values because of the importance of truth, and with the same feeling that we will achieve these goals. I do not underestimate what we have done to this day. We have done a lot, but I believe that we can and must do more, and that we must do our best. This is what it is all about; this is what the strategy we have analyzed and discussed in depth is based on. We have discussed it at government meetings and have also discussed it in depth during this 3-day meeting of the Central Committee. We have discussed it today.

Now, we have a year to work on it and a year to plan the party's congress. We also have a year to work on our program; let us draft our first program. It would be excellent to see all of these well-though-out and analyzed ideas included in the party's program to be presented during our congress. Oh, to reach this with the strength the revolution has in all its areas: in the area of defense, in the area of politics. We have tremendous political forces. To go to the congress with these ideas and based on these ideas draft our program and hold our congress; to be able to say that we held our congress because we were brave, because we were not frightened, because we were determined, because we were strengthened, because we were determined to win the right to go forward with our revolution, and because we were willing to pay any price. If the enemy has clearly realized that if was not easy to frighten, attack, or destroy us, and if there is peace in the world, even better. We will observe what happens regarding the USSR-U.S. talks, the meetings in Geneva, and so on.

I believe the world needs detente and that it needs peace. However, when we see millions and millions of Third World peoples who do not have the most remote hope for a solution and Africa where an apocalypse is practically coming about with the ever-growing drought that needs the efforts of the whole world to overcome, a continent being exterminated because of hunger and drought, we realize that the only hope for this world is peace. If there is no peace the dangers in our region will increase. Nevertheless, we will not be disheartened and we will continue forward with this program because the enemy must know that if it attacks us it will have to pay a price 10 times greater than the one it would have had to pay some 5 or 6 years ago. It will have to pay a price as great as defeat and humiliation, which is a price that cannot be paid.

We hope that they have become aware of this. We do not want to carry out with this test, but I feel that we have increased our level of security with our own strength and we have increased it considerably. The outlook for a future of peace and respect has increased for us. I do believe this. Yet, we are also ready for everything else. We do not build up hopes. We must not build up hopes. We are prepared for everything: for peace and for struggle. [applause]

If we have peace we will be able to carry out this program and we will struggle for peace. One of the ways to struggle for peace is by what we have done: Be stronger. With our strength we threaten no one, but with our strength we can prevent a successful aggression against our country. Our strength is a deterrent factor. It is not offensive in the military area. It is defensive and in the moral area it is highly honorable. The ideas and example of our people cannot be stopped. Being stronger and growing stronger is a very important idea. With this we have more possibilities to build that future. Today, we can say that we are truly prepared to face all. What will we do if the future holds a confrontation? I believe we will know what to do and do it properly. What will we do if we have peace? I believe we will know what to do and do it properly. I believe that these two ideas are important and that they are the ones that mark the destiny and the future of our people. This gives us great security in all areas and I sincerely hope for peace in the world and peace for us. [applause]

Fatherland or death, we will win!

CASTRO CONGRATULATES NEW INDIAN PRIME MINISTER

PA312111 Havana International Service in Spanish 0000 GMT 31 Dec 84

[Text] Top Cuban leader Fidel Castro has sent a congratulatory message to India's Prime Minister Rajiv Gandhi on the victory of the ruling Congress Party in the recently held elections in that Asian country.

The message pointed out the conviction of the Cuban authorities and people that with the election of Rajiv Gandhi as Indian prime minister that country will continue to make valuable contributions to world peace. That effort will guide the Indian leader's activities, as it has done in the past, in the presidency of the Nonaligned Movement.

USSR'S ADMIRAL RYABOV DISCUSSES BILATERAL COOPERATION

PA311807 Havana International Service in Spanish 1600 GMT 30 Dec 84

[Text] We have no plans to conduct military maneuvers here, as the United States frequently does in this Caribbean region, Vice Admiral V. Ryabov, commander of the Soviet Naval Detachment that arrived in Cuba last Friday has said in Havana.

Ryabov, who is also deputy commander for combat training of the Soviet Northern Fleet, said at a press conference held on board the flagship, the destroyer Otlichnyy, that this does not mean that the USSR will not continue to closely cooperate and exchange experiences with its Cuban brothers. Vice Adm Ryabov stressed that besides being a beautiful tradition, the visit of the Soviet naval detachment in Cuba will strengthen the fraternal bonds and will further increase the collaboration between the Cuban and Soviet Armed Forces. Ryabov said that the prestige of revolutionary Cuba is higher than ever today, due to its valuable contributions to peace and its strengthening of the Nonaligned Movement.

Vice Adm Ryabov, who was received yesterday by General of the Army Raul Castro, minister of the FAR, termed the strengthening of the Cuban people's defense capacity as positive and necessary, due to increasing aggressiveness of U.S. imperialism.

ADVISER OF URUGUAY'S SANGUINETTI ARRIVES

PA011920 Havana International Service in Spanish 1600 GMT 31 Dec 84

[Text] Roberto Asiain, secretary for international relations of the Uruguayan Colorado Party, has arrived in Havana as part of a tour that also includes Nicaragua, Venezuela, and the United States. Asiain is a member of the foreign policy commission that is advising Uruguayan President-elect Julio Maria Sanguinetti, who will take office in that South American country on 1 March. In recent remarks to the news agency PRELA, Sanguinetti expressed his desire for Uruguay to reestablish diplomatic relations with Cuba and Venezuela.

WORLD LEADERS SEND ANNIVERSARY CONGRATULATIONS

GDR's Greetings

FL020030 Havana Domestic Service in Spanish 0000 GMT 2 Jan 85

[Text] GDR top leaders Erich Honecker and Willi Stoph have described Cuba's economic and defense achievements as extraordinary. In a letter sent to Commander in Chief Fidel Castro, first secretary of the Cuban Communist Party Central Committee and president of the Councils of State and Ministers, Honecker and Stoph underscored that the GDR would continue to support a peaceful outcome of the conflicts in Central America, and would do everything it could to help Cuba to continue developing successfully.

Ethiopia's Message

FL020042 Havana Domestic Service in Spanish 0000 GMT 2 Jan 85

[Text] Ethiopia's head of state Mengistu Haile Mariam today sent his congratulations to the people of Cuba on their 26th anniversary of the triumph of the revolution in a letter to Cuba's leading figure Fidel Castro. In his letter, the Ethiopian leader extends his hopes that Cuba continue on the path of prosperity which it has trod over the last 25 years.

Vietnam's Congratulations

FL311718 Havana Domestic Service in Spanish 1100 GMT 31 Dec 84

[Text] High-ranking Vietnamese party and government officials have congratulated Commander in Chief Fidel Castro, first secretary of Cuba's Communist Party Central Committee, on occasion of the 26th anniversary of the revolution's triumph. The Vietnamese message lists the trials and difficulties the Cuban people have faced. It calls Cuba a socialist vanguard in the Western Hemisphere and praises the economic and cultural achievements of our country. The message ends saying the Vietnamese people are proud of us and make Cuba's achievements their own.

AMBASSADOR TO POLAND COMMENTS ON ANNIVERSARY

FL311715 Havana Domestic Service in Spanish 1100 GMT 31 Dec 84

[Text] Cuba's Ambassador to Poland Quintin Pino Machado has appeared on Polish television in a space dedicated to the 26th anniversary of the triumph of Cuba's revolution. Cuban Ambassador Pino Machado talked about the progress achieved by our country during the last years, denounced the U.S. government's policy of systematic aggression against Cuba, and stressed the positive relations between Cuba and Poland. The Cuban diplomat's appearance on Poland's main television channel began a celebration program in Poland dedicated to Cuba's revolution.

AMBASSADOR TO USSR COMMENTS ON REVOLUTION

FL020232 Havana Domestic Service in Spanish 0000 GMT 2 Jan 85

[Text] Cuba's Ambassador to the Soviet Union Lionel Soto, who is also a Central Committee member, has emphasized the significance of the triumph of Cuba's revolution. Speaking on a Soviet television news program, Soto underscored that 1985 will be the year of the Cuban Communist Party's Third Congress. He ended by emphasizing that Cuba is ready to launch a war by all of the people if attacked by the imperialist enemy.

'OUR AMERICA' SEES PERU'S FUTURE AS 'GRAVE'

PA312005 Havana International Service in Spanish 0000 GMT 30 Dec 84

["Our America" commentary]

[Text] The continuation of the economic crisis, popular protests, armed actions, and the revelation of several mass murders were the events in Peru during the year that is ending. Everything indicates that these situations will not be solved in coming months, which forebodes a very difficult task for the future head of state.

The serious economic crisis affecting the Andean country has had strong repercussions on the social sector. Peru has a foreign debt on $13 billion, and in the past year its GNP dropped by almost 12 percent; this is the most serious economic situation in Latin America. Meanwhile, inflation reached 125 percent.

Recession continues in the industrial sector, salaries continue to deteriorate, and while official statistics recognize that only one of every three Peruvians have permanent employment, the trend, in levels of employment as well as in income, is to continue decreasing.

This economic situation originated with popular protests and other measures to demand solutions that would satisfy the people's most basic needs. In addition to two 24-hour general strikes in 1984, Peru suffered countless strikes by the most diverse sectors of workers and peasants, many of them lasting very long and being of an attention-getting nature. In general, the strikers [words indistinct] the satisfaction of their demands. Simultaneously, they continued to (?organize) and at midyear the attacks on police and military forces, and other armed actions reached a high level and were dealt with through strong repression.

The police and military forces directing the struggle against the armed groups in Ayacucho and other areas are accused of being responsible for the disappearance of almost 1,500 prisoners and for the systematic murder and torturing of them. In recent times the Armed Forces have also been accused of organizing the so-called peasant roundups, a paramilitary [word indistinct] of forceful recruitments. Their actions are directed not only at the armed groups, but also at peasant communities. In addition, almost 50 bodies were found in Cucayacu, in August, and Peruvian public opinion was indignant over the news of bodies buried in clandestine graves in different areas of Ayacucho without proper investigation or clarification.

For many analysts the current political picture in Peru would be incomplete if there were no possibility of the constitutional process being abruptly interrupted before or immediately after the April 1985 elections. The analysts feel that the Armed Forces are not inclined toward a coup. A coup would be the result of a political maneuver by the ultraright-wing forces to lead the Armed Forces in this direction. In this manner the reactionary parties would avoid a defeat at the polls. As in all electoral campaigns, the current presidential candidates are struggling for victory, but they know that they will inherit a tense political situation, a grave economic crisis, and an explosive social situation.

CDB PRESIDENT ON TRADE, REGIONAL ECONOMIES

FL312104 Bridgetown CANA in English 1930 GMT 30 Dec 84

[Text] St George's, Grenada, Dec 30, CANA -- The president of the Barbados-based Caribbean Development Bank (CDB) William Demas has said here that the economies of member countries of the Caribbean Communisty (Caricom) will be in for a rough time over the next two years. Demas, who was in Grenada to witness the opening of Parliament Friday, told CANA that there would be continuing problems of trade because of the position of the regional economies and as such trade would have to pick up again for there to be a revival in the medium term.

We have problems now. There is no point in disguising the problems. The integration movement on the economic side faces very real problems, and these problems arise not from ill-will on the part of any of the government, but from the difficult economic circumstances being faced, he said. Demas added that in the face of the economic problems confronting the region there are some positive signs which augur well for the future of the integration movement, such as the cooperation taking place among the states in the Caribbean examinations council, the University of the West Indies, and the CDB. He suggested that the future of the integration process was not gloomy because somehow or other I think the peoples of the region would come together. All sorts of things are going on which are not as visible as some of the trade problems, he remarked. At the same time, outside the glare of publicity, a lot of practical work is going on, and practical cooperation all the time, other than trade.

Asked whether there should be more regular meetings of Caricom heads of government to try to solve the major problems facing the movement, Demas, who was the first secretary-general of Caricom, said he agreed with this in principle, but expressed a certain amount of caution. One condition to such an idea, he stated, is that for a heads of government summit to be productive the meeting should be carefully prepared for by the Guyana-based Caricom Secretariat and the civil servants in member countries, and should be preceded by meetings of government ministers from the various territories. Unless the work of a heads of government meeting is carefully and thoroughly prepared, the meeting is bound to be abortive, he remarked.

Questioned on whether the new Grenada Government had made any formal requests to the CDB for assistance, Demas said no approaches were made, but indicated that the bank could offer the island financial assistance in the forms of soft loans, and technical assistance in the area of manpower. We are waiting for any requests that the government of Grenada makes for financial or technical assistance, he added.

GRENADA

CARIBBEAN LEADERS REACT TO NEW GOVERNMENT

FL311242 Bridgetown CANA in English 0004 GMT 30 Dec 84

[Text] St George's, Grenada, Dec 29, CANA -- Caribbean Community (Caricom) leaders in Grenada for yesterday's historic first parliamentary session since 1979 have been full of praise for the return to elected government and the Westminster parliamentary system here.

Prime Ministers Eugenia Charles of Dominica and Edward Seaga of Jamaica in particular expressed pleasure with seeing Grenada back in the fold with its other English-speaking Caribbean neighbours whose countries are run by elected representatives sitting in Parliament. Parliament was abolished five years ago after the leftist New Jewel Movement (NJM) seized power in a coup here, suspending the Constitution and ruling by decree.

Both Seaga and Charles were instrumental in helping to mount the U.S.-led invasion of Grenada last year October to topple a Marxist military regime that had staged a bloody counter coup in which Prime Minister Maurice Bishop and half of his cabinet were killed. A caretaker administration installed after the invasion paved the way for general elections this month, won handsomely by the centrist New National Party (NNP) of Prime Minister Herbert Blaize which secured 14 of the 15 parliamentary seats.

Seaga told CANA his hope had always been for Grenada to have its own freely elected Parliament. The people here now have a chance to build a prosperous base under a proper democratic system, he said. He said that with the island back in the Caricom fold of nations with elected government this augured well for the future of the 13-nation grouping of English-speaking states, because every country that is in the fold helps to strengthen it, and Grenada's position there would be one that would help to do likewise.

Said Miss Charles of yesterday's parliamentary session: It was a pleasure to come here and see the efforts we put out in October 83 have led to this. Prime Minister James Mitchell of St Vincent and the Grenadines echoed similar sentiments, saying he was looking forward as a neighbour of Grenada to close relations between the two islands. Mitchell said he expected the Vincentian policemen still in Grenada on peace keeping duties with other regional colleagues ever since last year's military action could be withdrawn by next March. He hoped that by then Grenada would be able to look after its own security needs.

Trinidad and Tobago Foreign Minister Dr Basil Ince said the fact that not only himself but the Trinidad opposition leader Basdeo Panday attended yesterday's parliamentary reopening meant something in terms of the relations between the two Caricom states which soured after the invasion. Trinidad and Tobago was opposed to the military action. On the attitude of the Trinidad and Tobago Government to the new Grenada Administration, he said: I think it is a positive one, and it could not be anything else but positive. Asked whether the oil-rich republic would be willing to offer aid to Grenada, he replied that this was possible in light of the fact that a high-level bipartisan delegation from Port-of-Spain had visited the island earlier in the year. This, coupled with the fact that a meeting is imminent between Blaize and the Trinidad and Tobago prime minister, George Chambers, augured well for future bilateral relations, Ince said.

Panday said that only the people of Grenada should decide what is best for them and if it was their wish to have a return to a parliamentary system of government I think we must respect their views. I am extremely happy to see that they have decided they should return to this form of government. I wish them well, and I hope that their democracy will strengthen and it would lead to greater unity in the Caribbean, he added.

DOMINICA'S CHARLES COMMENTS ON NEXT OECS SUMMIT

FL312016 Bridgetown CANA in English 2058 GMT 30 Dec 84

[By George Worme]

[Text] St George's, Grenada, Dec 30, CANA -- Dominica's Prime Minister Eugenia Charles says Grenada could well be the venue for the next summit of heads of government of the seven-nation Organisation of Eastern Caribbean States (OECS). Miss Charles, who was here Friday for the historic reopening of the Grenada Parliament, said no decision has yet been on the venue for the meeting, scheduled for next May. Grenada will assume the chairmanship of the OECS at the summit. It should have done so at the last summit earlier this year, but because a non-elected interim government was in power, the OECS heads decided to pass on the chairmanship to Montserrat.

All of us unanimously decided that we should put Montserrat first and go back to Grenada next year, Miss Charles told CANA.

The OECS, and Miss Charles in particular, were instrumental in bringing about Grenada's return to parliamentary democracy after nearly five years of Marxist rule. It was the OECS which invited the United States to stage the October 1983 intervention here that followed a bloody military coup in which leftist Prime Minister Maurice Bishop and several other people were killed. The coup was the culmination of fierce infighting involving radical and moderate factions within the then ruling New Jewel Movement (NJM).

Miss Charles said OECS military personnel, in Grenada as part of the Caribbean Peacekeeping Force (CPF), are due to be withdrawn in March, but this depends on if the Grenada authorities are able to build up the local police force to the required numerical strength. The CPF, which also comprises personnel from Barbados and Jamaica, was set up after the U.S.-led invasion for the purpose of helping the flagging Grenada police maintain law and order....I would be very glad to get my men back, quite frankly, but we won't pull them out while (Grenada)...needs them, said Miss Charles. The number of OECS personnel here was not immediately available.

Discusses Cuban Caribbean Influence

FL311928 Bridgetown CANA in English 1458 GMT 31 Dec 84

[Text] St George's, Grenada, Dec 30, CANA -- Dominica's Prime Minister Eugenia Charles wants to see the United States deepen its trade and aid role in the Caribbean, and Cuba keep a very low profile in the area. She told reporters here that Washington was in a position to give aid to strengthen regional states, as well as provide them with expertise and a better trading arrangement. She (the United States) can open her doors for trade, and if she does that for us she would do what she says she wants to do: She would make us independent, Miss Charles said. The Dominica leader was in Grenada for the opening of Parliament, following elections won by lawyer Herbert Blaize's New National Party (NNP). The election was made possible by the ousting in a 1983 U.S.-led invasion of Cuba-supported leftist leaders who had ruled by decree.

Miss Charles said that she does not believe Cuba can play any meaningful role in the region because of the manner in which it wants to educate Caribbean youths -- away from the democratic way of life. Cuba must allow the people of the English-speaking Caribbean to do their own choosing rather than try to impose its way of thinking through a small group of servants in these islands, Miss Charles said. I feel strongly about it -- that Cuba must allow our people to think their way, for themselves, while she thinks her way, for herself, she remarked.

She also referred to Cuba's policy of offering scholarships to Caribbean youths, claiming that in most cases students were obliged to learn about Leninism, Marxism, and military tactics. The Dominican leader stressed that her government would not accept such scholarships, but said that her countrymen were free to take them up because we have freedom of movement. I am a person who believes entirely in human rights, so people who want to go and live in Cuba have a right to go and do it, she said.

Urges Foreign Aid for CMCF

FL011226 Bridgetown CANA in English 2309 GMT 31 Dec 84

[Text] St George's, Grenada, Dec 31, CANA -- Dominica's Prime Minister Eugenia Charles says the international community should provide funds for reactivating the Caribbean Community's (Caricom) Multilateral Clearing Facility, a trade credit scheme. Asked here whether she felt foreign aid was necessary to help in the revitalization of the CMCF, Miss Charles said: I would like to think so but I am not hopeful that we would get it.

She added: I think (foreign aid) is the only way, but the others who are working on (reactivating the CMCF) would probably see it in a much broader perspective than I do.

The CMCF was established to facilitate intra-regional trade in the face of foreign exchange shortages among Caricom member states. Large debts owed by some countries, in particular Guyana, brough about the shutdown of the facility last year after the credit ceiling of 100 million U.S. dollars was surpassed. The Caricom Council of Ministers will discuss the facility during a late January meeting in Guyana. Miss Charles said she hoped this meeting would find a solution to the problem. I really feel we must find a solution for that is vitally important for the reconstruction of our trading relations, she remarked. I personally am not enough of a financial wizard, having been accustomed to having empty pockets all the time...I can't find a solution.

JAMAICA

PEACEKEEPING FORCE IN GRENADA TO BE REDUCED

FL282222 Bridgetown CANA in English 1806 GMT 28 Dec 84

[Text] Kingston, Jamaica, Dec 28, CANA -- Jamaica has halved the number of soldiers it has on peacekeeping duties in Grenada and is hoping to pull out the remainder by March 1985, according to government and military officials here.

We now have around 160 soldiers in Grenada, having two weeks ago withdrawn half the complement, explained Colonel Ken Barnes, second in command and head of general staff in the Jamaica Defense Force (JDF). We do not have anything precise, but we are hoping to get out...by the end of March if everything remains quiet, added Barnes, who was the first commander of the Caribbean forces in Grenada after the U.S.-led invasion of the island in October 1983 to oust a military junta that had killed the prime minister and half of his cabinet and taken over their government.

Jamaica Prime Minister Edward Seaga had last night mentioned plans to halve the approximately 300 soldiers Jamaica had maintained in Grenada since the invasion. Seaga spoke at a special function at Army headquarters to honour the men who took part in the operation. Jamaica rotated the soldiers in Grenada and Seaga announced that a special medal to be struck will be awarded to all those who served in Grenada at one time or another.

Seaga defended Jamaica's participation in the invasion that gained wide international condemnation, and told the soldiers: We are proud of you. He said the effort of the soldiers had brought peace and tranquillity to the island and a basis for building a new society.

JDF chief of staff, Major-General Robert Neish, was pleased with his men's performance, and revealed that prior to the invasion he had asked Seaga whether there was a job for the Army to do. The lessons we learnt as result of this joint operation will be very useful to us in the future, he said. We performed in a very creditable and professional manner.